

ORGANIZATION DEVELOPMENT DEPARTMENTS IN
SELECTED AMERICAN FIRMS:
AN EXPLORATORY BEHAVIORAL ANALYSIS

THESIS FOR THE DEGREE OF Ph.D.

MICHIGAN STATE UNIVERSITY

William Frank Glueck

1966

THESIS



ABSTRACT

ORGANIZATION DEVELOPMENT DEPARTMENTS IN SELECTED AMERICAN FIRMS: AN EXPLORATORY BEHAVIORAL ANALYSIS

By William Frank Glueck

This thesis presents the findings of an investigation of some behavioral characteristics of departments of organization development in seven large American firms. Firms have utilized these departments as an agency to influence their organization structure and work environment.

The firms studied were representative of large and established industries and were chosen because peer directors of organization development indicated that these had effective departments. The firms were visited and the departments, their superiors, and clients were interviewed using three preplanned interview schedules. The responses were confirmed by: examination of the responses for consistency; examination of printed sources (such as Annual Reports, Board of Directors Meeting Notes, Policy Manuals, and published sources); peer confirmations; and friendly informants within the firms.

The research was guided by the following hypotheses:

Hypothesis I:

Organization development departments serve their firms in one of three missions: grand strategy, strategy, and tactics. Given the mission, one can predict with a high degree of confidence, the activity, interaction, influence, and accomplishment patterns the departments will pursue.

Corrollaries I through IV specified the types of activities performed in each mission, the interactions in each mission, the influence exerted by each mission, and the types of accomplishments achieved by each.

Hypothesis II:

Organization development departments will be more effective in solution of organization problems, the more closely the department approximates the characteristics of a grand strategy mission

Findings of the Thesis

The problems the departments were concerned with most frequently were: adaptation of the organization to a changing environment; management of internal conflict; control of

organization resources; fusion of individual and corporate goals; and maintenance of corporate culture in times of change.

The departments were classified into three groups based on their statements of mission or objectives and focus of attention. The first group (grand strategy) focused on the problems of the total corporation and attempted to solve the problems by changing the organization structure (structural approach); the attitudes, opinions, and **work approaches** of the people (human approach), and the decision-making ability and information flow available to the people (technological approach). The second group (strategy) utilized the structural approach at the corporate level. The third group utilized the structural approach at the unit level of the firm.

Many activities were performed, but those most emphasized included: preparing organization studies and audits; reviewing organization changes; training for group development, interpersonal relations and organization goal setting; analyzing objectives of corporate divisions; developing corporate organization and policy manuals; preparing policies for executive career development; and developing the long-range organization plan.

The three missions led to different interaction patterns. Generally speaking, the closer the department was to the objectives of the grand strategy mission, the more likely was the interaction to be more frequent with top management. They would also formally report to Presidents and Executive Vice Presidents. Tactical directors were likely to report to Personnel Managers.

The more closely a department approximated the grand strategy mission, the more influential the departments were as measured by the number and types of policies the department helped change or implement.

The grand strategy mission's accomplishments were measurable qualitatively, the tactical mission's quantitatively.

The findings of the thesis modify the generally held opinion of the literature and business that the departments are ineffective. The thesis shows that by utilization of the grand strategy mission in an organization development department, firms can more effectively change their organization structure and work environment. By maintaining a staff agency serving as an internal management consultant, it can draw upon the services of those who have experience in organization change and knowledge of their firm and industry. It also assures continuity of advice and counsel for top management on these matters.

William Frank Glueck

The thesis concludes with some future hypotheses and the implications of the research to organizations theory.

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by

William Frank Glueck

A THESIS

Submitted to
Michigan State University
in partial fulfillment of the requirements
for the degree of

DOCTOR OF PHILOSOPHY

Department of Management

1966

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1967

ACKNOWLEDGMENTS

At this time, the author wishes to thank those who helped him complete this thesis and the doctoral program at Michigan State University.

First, Professor Dalton E. McFarland served as Chairman of the Guidance Committee for the thesis. The author appreciates his guidance and kindness. Professors R. Winston Oberg and Joseph Roberts, as members of the Guidance Committee, offered many helpful suggestions and encouragement.

Second, the author wishes to acknowledge the aid of Dean Milton B. Dickerson and Dean Alfred E. Seelye. While serving them in the position of Assistant to the Dean of Graduate Programs, the author was given a schedule flexible enough to allow expeditious completion of the thesis.

Third, the author wishes to thank others who showed interest in the author's progress at Michigan State. These are: Professors Stanley Bryan, Richard Gonzales, Claude McMillan, and Harold Wein of the Department of Management; Paul Smith and Leo Erickson of the Department of Marketing; and Robert Anderson, Department of Sociology.

Fourth, the author is deeply grateful to the executives of the firms studied in this thesis for their cooperation.

Finally, the author thanks his wife, Nancy Conneighton Glueck, for the support she so willingly gives all his endeavors.

W. F. G.

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CHAPTER I

INTRODUCTION

This thesis is an analysis of selected functions and processes of seven departments of organization development serving large American firms. These departments are responsible for analyzing and improving the organization structure and work environment of their firms.

Chapter I discusses the background of the departments and the hypotheses and research methods used to study them. It will also define the terms used in the thesis.

The Evolution of Organization Departments

Prior to the middle of the nineteenth century, the American business community was composed primarily of small firms. Then, the legal code was modified and corporations came into existence.¹ The corporate form of organization enabled the business firm to grow in size.

¹For an analysis of this evolution, see C. Wright Mills, White Collar (New York: Oxford University Press, 1956).

Adolf Berle, Jr., and G. C. Means, The Modern Corporation and Private Property (New York: Commerce Clearing House,

Since that time, our business society has experienced an increase in the rate of change. As firms grew in size and complexity, the firms' managers experienced problems in organizing them. These problems can take many forms, only a few of which can be cited here. If a manager restructured his division, he might inadvertently hinder the progress of another.² Or, the environment might call for a change of structure. But the division might not adapt.³ There also exists the possibility of overlap of functions and responsibilities between units of the firm. This can lead to conflict.⁴ There may also be a lack of fusion between individual

Inc., 1932); Adolf Berle, Jr., 20th Century Capitalist Revolution (New York: Harcourt Brace and Company, 1954); Adolf Berle, Jr., Power Without Property (New York: Harcourt Brace and Company, 1959).

²See Harold Leavitt, Managerial Psychology (2d ed. rev.; Chicago: University of Chicago Press, 1965), 20.

³See John Gardner, "How to Prevent Organization Dry Rot," Harper's Magazine, October, 1965.

Robert Merton, "Bureaucratic Structure and Personality," Journal of Social Forces (May, 1940), p. 97.

Robert Dubin, "Stability of Human Organizations," in Mason Haire (Ed.) Modern Organizations (New York: John Wiley & Sons, 1961), p. 218.

⁴See James March and Herbert Simon, Organizations (New York: John Wiley & Sons, 1958), pp. 182-83.

and unit goals after a reorganization.⁵ All of these and many other problems of the organization process can affect the success of the firm. As Peter Drucker says:

Productivity is vitally affected by the organization structure and by the balance between the various activities within the business. If for lack of clear organization, managers waste their time trying to find out what they are supposed to do rather than doing it, the company's scarcest resource is being wasted.⁶

Later Drucker says:

Organization is not an end in itself but a means to the end of business performance and business results. Organization structure is an indispensable means, and the wrong structure will seriously impair business performance and may even destroy it. . . . Organization must be designed so as to make possible the attainment of the objectives of the business for five to fifteen years hence.⁷

Top management formerly expected the manager of a division to deal with his own problems of organization. But as the firms grew in size and complexity, corporate leaders began to cope with these problems at the corporate level.

⁵See Chris Argyris, Integrating the Individual and the Organization (New York: John Wiley and Sons, 1964).

⁶Peter Drucker, The Practice of Management (New York: Harper and Brothers, 1954), p. 45.

⁷Ibid.

Usually, ad hoc methods were tried. Chandler describes the use of ad hoc methods such as committees to solve these problems.⁸ The literature contains many reports of ad hoc reorganizations by use of committees or management consultants.⁹

⁸ Alfred Chandler, Jr., Strategy and Structure (Cambridge: Massachusetts Institute of Technology Press, 1962).

⁹ A few examples are: "U. S. Steel Undergoes Sweeping Reorganization," Business Week, September 21, 1963, p. 29.

"Philco Gets the T-Bird Look--A Number of Organization Jolts," Business Week, August 12, 1963, p. 45.

"When Managerial Styles Clash--Giant Merged Canadian Forest Products Company Found Complete Reorganization to be The Only Answer," Illustrated Business World, November 30, 1963, p. 65.

"Baking an Assortment in One Cake--United Biscuit's Hekman," Illustrated Business World, November 30, 1963, p. 45.

"New Organization Plan Fills Manufacturing Three Way Stretch--Westinghouse," Factory, September, 1960, p. 86.

"Hotpoint on the Hotseat," Tide, February 28, 1958, p. 90.

"How to Get More From Creative People with Better Organization--Raytheon," Management Methods, February, 1958, p. 20.

"How TRW Organizes," Business Week, November 29, 1958, p. 52.

"Worthington's Reorganization," Printers Ink, October 3, 1958, p. 3, and October 10, 1958, p. 45.

Some managers felt that problems of organization were as continuous and important as other functional problems. If the corporation had staff advice on legal, economic, and other problems, it could also receive advice from a department of organization on problems of organization structure and the work environment. When these staff departments were created, they were called "departments of organization," "departments of organization planning," and "departments of organization development." "Organization development" seems to be the predominant title at present.

The literature contains little information about these departments, but what has been published can be placed into three categories: works which advocate the creation of the departments; works which describe the processes of the departments; and works which evaluate their usefulness.

Prior to discussing the first category, it might be useful to discuss the history of the department's origin. One source gives the following history of the development of the departments:

World War II brought with it a shortage of manpower, so that there developed an interest in rationalizing the organization. The government required manning tables and job descriptions to prevent the hoarding of men and firms followed these procedures. After the war, the shortage in non-blue collar personnel

continued, for the job mix had changed and more sophisticated long run planning methods were used. A rash of executive development programs were evidenced in the 50's and 60's because of the supply [Shortage of manpower]. Planning for management personnel originally took the form of simple job evaluation with boxes and charts but this soon led to an expansion of staff agencies devoted to this problem under such designations as organization planning, organization development or executive development. These units were organizationally separate from traditional training programs in personnel departments because they called for the skills of organization analysis rather than mere job technician.¹⁰

In the first category, a number of articles and books appeared shortly after World War II which argued that managers needed staff assistance to help solve problems of the organization process. Several examples will be given. For example, Alvin Brown in 1949 said:

I am afraid the improvement of organization rests on dead center. Neglected as a function by industrial enterprise, literature and the schools ignore it as a subject. Ignored as a subject by literature and the schools, industrial enterprise neglects it as a function . . .

One who is persuaded of the importance of organization can only hope that somewhere, somehow, this deadlock will be broken. His most reasonable hope ought to rest upon the students in business schools, for they are the industrial managers of tomorrow. Were they aware of organization as an industrial factor, one could hope for the best. (Emphasis mine)

¹⁰ John Pfiffner and Martin Fels, The Supervision of Personnel (Englewood Cliffs: Prentice-Hall, 1965), 10.

My hope, in other words, is to see more written about organization as such. My hope is to see an end to the loose use of the name and the loose concept of the subject. My hope is to see someone fill that grievous gap in the encyclopedia--and, for that matter, to fill the management gap as well. My hope is to see schools teach organization--as such. When these things come, we may reasonably hope that industrial enterprise will see organization as a function. (Emphasis mine)

When these things do come, industrial enterprise will be the better for them.¹¹

Another example also specified the duties the departments should perform. In the 1951 revision of their 1941 book, Holden, Fish, and Smith argued that firms needed separate departments of organization planning. As these authors state the case:

Best practice provides for comprehensive, long range organization planning, rationalization of the structure as a whole, proper design and clarification of each part, competent review of proposed changes, and periodic checks of actual organization practice. This is the logical province of a competent staff department specializing in organization problems, working through the medium of a well designed organization manual.¹²

¹¹Alvin Brown, "Organization as a Separate Branch of Management," Annual Proceedings of the Academy of Management (December 30, 1949).

¹²Paul Holden, Lounsberry Fish, and H. L. Smith, Top Management Organization and Control (New York: McGraw-Hill, 1951), pp. 12-13.

The authors specified the activities and responsibilities they felt this department should perform.

This department's primary responsibilities logically are: to determine needs, formulate plans, and secure acceptance, cooperation, and support to the ends of: (1) the best possible organization to meet the goals; (2) appropriate functions, objectives, and relationships and limits of authority clarified and defined for levels, departments and jobs; (3) size of manpower kept to a minimum to handle the work. Specific activities should include: (1) to develop an ideal plan of organization to work towards as opportunities arise; (2) to develop and maintain organization manuals and clarify and define approved plans of organization by means of charts, job specifications, etc.; (3) initiating and reviewing proposed changes in the organization; (4) periodic reviews to see if practice fits the plans and to amend the plans as needed; (5) to survey for essential work, manpower, and organizational requirements; (6) to control payroll and manpower expenses; (7) a voice in capital expenditures, operating expenditures, wages and salaries, executive appointments, and product line additions, for these are inseparable parts of organization planning involving allocation of functions, assignment of responsibilities and delegation of authority; (8) it is the logical unit to serve as analyst and fact finder for wage and salary administration to include: (a) appraise relative job values, (b) search for outside wage and salary levels, (c) recommend salaries, (d) review proposed changes.¹³

In 1952, Ernest Dale published a book on the organization process. Dale discussed the research for this book with many of the directors of departments of organization development of the period. By drawing attention to the

¹³ Holden, Fish, and Smith, op. cit.

importance of the organization process and suggesting the possibility of the use of staff assistance for this function, this book apparently influenced companies to create organization departments.¹⁴

The American Management Association and the National Industrial Conference Board have published many articles and books advocating the creation of these departments.¹⁵

¹⁴Ernest Dale, Planning and Developing the Company Organization Structure (New York: American Management Association, 1952).

¹⁵See for example: Stewart Thompson, How Companies Plan, "AMA Research Study No. 54," (New York: American Management Association, 1962).

K. K. White, Understanding the Company Organization Chart, "AMA Research Study," (New York: American Management 1963).

Geneva Seybold, Organization Charts, "Studies in Personnel Policy No. 139," (New York: National Industrial Conference Board, 1955).

Louis Allen, Improving Staff and Line Relationships, "Studies in Personnel Policy No. 153," (New York: National Industrial Conference Board, 1956).

Geneva Seybold, Preparing the Company Organization Manual, "Studies in Personnel Policy No. 157," (New York: National Industrial Conference Board, 1957).

Louis Allen, Charting the Company Organization Structure, "Studies in Personnel Policy No. 168," (New York: National Industrial Conference Board, 1958).

Since then, literature read by the businessman and the business professor has frequently suggested the creation of a staff department to aid the manager in the solution of his organization problems. One example appeared recently from the pen of the Secretary of Health, Education, and Welfare who recommended:

. . . built in provisions for self criticism; the provision for continual fluidity in its internal structure, some means of combating the process by which men become prisoners of their own procedures, and some means to combat vested interests that grow in institutions.¹⁶

After stating that frequent changes in tasks and structural arrangements may be welcomed by many employees in that they make the job situation more challenging and interesting, Peter Blau makes the point that:

Harold Stieglitz, Corporate Organization Structure, "Studies in Personnel Policy No. 183," (New York: National Industrial Conference Board, 1960).

Harold Stieglitz, "Developing Patterns in Organization Structures," Management Record, (January 1961), pp. 2-7.

Harold Stieglitz and Allen Janger, Top Management Organization in Divisionalized Companies, "Personnel Policies No. 195," (New York: National Industrial Conference Board, 1965).

¹⁶Gardner, op. cit.

For new ideas to find expression in an institutionalized change, they must first be bureaucratically implemented. These changes do not arise out of the current situation.¹⁷

Finally Robert Kahn and his co-authors discuss the built-in inertia of bureaucracies such as large business organizations. They point out that some of them use such measures as informal organizations, linkage positions to the changing external environment, and innovation roles to adapt. Regarding the latter, the authors say:

These roles demand innovative solutions to non-routine problems. Such roles complement the more routinely rules-oriented roles of the rest of an organization and increase the adaptive abilities of the organization as a whole. In a sense, the innovative roles represent patterned organizational deviance. It is as if the bureaucracy, recognizing the dangers of its rigidity, attempted to build into itself capacity for change, but to do so in a way wholly consistent with bureaucratic structure and organization. What way could be more compatible than institutionalizing and assigning to certain organization positions the functions of being flexible, sensing changes in the environment, and initiating appropriate responses in the organization?¹⁸

The second category of the literature consists of that which describes what the departments actually did.

¹⁷ Peter Blau, Bureaucracy in Modern Society (New York: Random House, 1956), p. 89.

¹⁸ Robert Kahn, et al., Organization Stress: Studies in Role Conflict and Ambiguity (New York: John Wiley & Sons, 1964), p. 126.

Holden, Fish, and Smith described the departmental functions as follows:

The agency assists top executives in developing and maintaining plans of organization which will best facilitate the management and control of the enterprise. These agencies are headed by a manager responsible to the president and supported by from one to twelve specialists with wide experience and familiarity with different major functions or fields.¹⁹

In 1951, Charles R. Hook, Jr., then the Vice President of Industrial Relations of the C. and O. Railroad, described the reorganization of his department. Mr. Hook assigned the previously separated functions of training, wage and salary administration, and organization analysis to staff agents called organization planners. The objectives sought by Hook were stated as follows:

What we are seeking is not uniformity of the formal organization and consistency of an approach, but the harmonious cooperation²⁰ of people and the release of initiative and ideas.

Hook saw several reasons for the failure of organization planning departments at that time: (1) lack of support by top management; (2) lack of cooperation by department heads

¹⁹ Holden, Fish, and Smith, op. cit., p. 49.

²⁰ Charles Hook, Jr., Organization Planning: Its Challenges and Limitations, "Personnel Series No. 141," (New York: American Management Association, 1951), p. 15.

(they felt organization people were top management spies); (3) over-emphasis on The Plan (a mechanistic fallacy based on belief in scientific laws of organization); (4) too much reliance on the planner to solve the organization problems himself, rather than in cooperation with the line executive.

As Hook says:

Organization planning is a continuous process and too often fails because it is expected to perform miracles after one revision of the structure. . . .²¹

Hook's recommendations, based on experience with the function, were as follows: (1) focus organization planning on concrete economic and human problems of a particular business. This planning cannot be completed once and for all, for all businesses differ and change; (2) the process of organization planning is critical. What formal organization is created at the time is not. Resistance and fear must be converted to support and understanding so that it can release the initiative of the people in the organization. (3) An organization is people, not a collection of functions. Too often organization planning is done as if the planners are building a new organization. Generally speaking, organizations need modification of the present structure. (4) People

²¹Hook, op. cit., pp. 17-21.

are more important than plans in this process. Organization planning has the task of finding the men to help key management executives get the job done. Ofttimes, the most important outcome of organization planning is to give a really good man a chance to get to work. The structural problems and the problem of people who make up the organization cannot be divorced.²²

When Carlos Efferson was chosen to create a department of organization development at Kaiser Aluminum, he made a series of visits to the departments in existence at that time (1957). His conclusions were: (1) The use of the departments was new and growing; (2) the functionalization of organization was in the formative stage; and (3) the activities performed varied tremendously. Efferson says:

As a national pattern, organization planning seems literally to be whatever you call it, and an organization planning man is whomever the firm chooses for the job--his previous experience is typically unrelated to organization planning. Finally, organization planning seems to consist of whatever these people decide to do.²³

No other published works could be found that described the functions and processes of these departments. But in a

²²Hook, op. cit., pp. 17-21.

²³Carlos Efferson, "Organization Planning for Management Growth," Management Record (April 1958), p. 134.

letter to the author, Dr. Frank Sherwood had this prediction to make about the future of the departments:

In the future it seems to me that the organization planner is going to face some real challenges as to his role. This will be particularly true as organizations become more "temporary," that is, as they increasingly combine specializations for specific problem solving tasks. The continual shifting of the ability of organization planners to help people to adjust quickly to new sets of task circumstances will be vital. This is not to say that formalization goes out the window. My impression is that the need will be greater in the future. In work in an R and D lab, I find the executive greatly over-worked, in part because jurisdictional boundaries are so hard to establish. If there were more formalization, there would be less need for his personal intervention. How to get constructive formalization without handcuffing the highly dynamic organization is a very big problem.²⁴

Evidence exists to show that Efferson's statements about growth in use of the departments is correct. The Holden, Fish and Smith survey found four departments in 1951. By 1962, Professor Joseph Bailey reported a survey of seven hundred fifty firms. He found that sixty-one firms had such departments; ninety-eight firms assigned organization problems to existing departments (especially Personnel or Corporate Planning); and ninety firms assigned organization problems to a specific

²⁴Personal letter from Dr. Frank Sherwood, Professor and Dean of the School of Public Administration, University of Southern California, November 5, 1965.

individual (especially the President, or Vice President-Administration or Corporate Planning).²⁵

The research for this thesis found seventy-five such departments. Sixty-five of their directors belong to three associations: The Organization Development Council, The Council on Organization Planning, and the West Coast Organization Planning Roundtable. The growth in this staff function seems to parallel the growth in the use of corporate staffs in industry.²⁶

The final category of the literature was that concerning evaluation of the work of the departments. Most of those who expressed opinions were critical of the work performed. But in no case were these statements supported by empirical evidence. Typical of the comments were the following:

²⁵ Joseph Bailey, "Organization Planning: Whose Responsibility?," Journal of the Academy of Management, VII (June, 1964), p. 98.

²⁶ See for example:

Reinhard Bendix, Work and Authority in Industry (New York: John Wiley & Sons, 1956), Part III.

Ernest Dale and Lyndall Urwick, Staff in Organization (New York: McGraw-Hill, 1960).

Douglas McGregor, "The Staff Function in Human Relations," Journal of Social Issues, IV, 3, (1948).

Robert Sampson, The Staff Role in Management (New York: Harper and Brothers, 1955).

Organizations can build internal eyes on themselves . . . in several ways. A department of organization (a relatively rare phenomenon today) can serve such a purpose. It can search continually for the problems the mother structure is creating--for gaps in authority or for overlapping authority. It can watch for red flags from departments that are getting excessively squeezed by the organization structure. It can look for places where committees can operate better than individuals and individual better than committees. It can feed back to the brains of the organization some information about the effects of the organization's own behavior. Unfortunately many departments of organization don't do these jobs. They draw charts instead.²⁷

In the revised edition of his book in 1964, Professor Leavitt does not mention the departments but does evidence greater interest in the problems of organization structure:

American organizations have lately shown much more interest in problems of communication and coordination and much more concern about redefining appropriate work flows. We have gotten more interested in who can talk to whom in organizations because as organizations have grown larger, the losses from communication failures have become increasingly apparent . . .

The great early emphasis of structural people on authority led us for a while toward rejecting the whole structural approach. We tended, as we so often do, to want to throw out the baby with the bath water. Recently, we have begun to come back to structural questions from very different angles. We have come back to structure largely because we have been forced to--because it became so patently obvious that structure is an organization dimension (1) that we can manipulate; (2) that has direct effects on problem solving.

²⁷ Harold Leavitt, Managerial Psychology (Chicago: University of Chicago Press, 1958), pp. 281-82.

If we decentralize, things happen. Maybe not all the things we wanted to have happen, but things happen. If we change the definition of roles of members of our organization, things happen. If we change communication lines by removing telephones, or separating people, or making some people inaccessible to others, things happen.

All of those kinds of changes are fairly easy for managers to carry out. So the structural dimension became doubly important--important because they constrain and thereby influence behavior--important because they are readily manipulatable.²⁸

Mason Haire has said that organization development directors presumably try to consider the best future organizations for their firm. But he asked the question: how do they recognize one? To make a choice among alternatives, one must first know the objectives the structure is designed to attain and how specific aspects of the structure will attain them. The reader tends to conclude that Professor Haire sees the position in organization development as difficult and perhaps impossible.²⁹

When consultants were asked their opinion of the effectiveness of the departments, they agreed with these evaluations. They felt that these departments and their

²⁸ Harold Leavitt, Managerial Psychology (ed ed. rev.), p. 387.

²⁹ Mason Haire, Organization Theory in Industrial Practice (New York: John Wiley & Sons, 1962).

members were not concerned with the vital processes of organization, and were indeed performing mechanical tasks such as drawing charts as Leavitt³⁰ indicated. They made little contribution to the improvement of the organization process of the firm as a whole in their opinion.³⁰

It can be concluded from this review of the literature that there are many who advocate the creation of the departments; several describe a few of the departmental processes, and some criticize the department's usefulness without citing empirical support. This thesis will analyze selected processes of these departments and support the analysis with empirical data.

The next section of this chapter will present the hypotheses utilized in the research.

Hypotheses

This thesis utilized two major hypotheses. The first has four corollaries.

Hypotheses I

Organization development departments serve their firms in one of three missions: grand strategy, strategy, tactics.

³⁰See Appendix A.

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With this mission defined, one can predict, with a high degree of confidence, the activity, interaction, influence, and accomplishment patterns the department will pursue.

Corollary I

The mission of the department of organization development will affect the activities it performs to accomplish the objectives set forth in the mission. If the mission is grand strategy, the department will perform structural, technological, and human activities for the total corporation. If the mission is strategic, the department will perform structural activities for the total corporation. If the mission is tactical, the department will perform structural activities for specific units of the corporation.

Corollary II

The mission of the department of organization development will affect the interactions of its director and members with others in the corporation. In a grand strategy mission, the frequency of interaction with executives of various levels is: top management (high), middle management (moderate), lower management (low). The frequency of interaction in tactical mission is the reverse of the grand strategy

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mission. Departments with strategic missions interaction lie in between these two: middle management (high), top management (moderate), lower management (low).

Corollary III

The mission of the department of organization development will affect the kinds of policies which the department will influence. If the mission is grand strategy, the department will influence policies that will affect the total corporation's organization structure and management philosophy towards the work environment. If the mission is strategy, the policies influenced will affect the organization structure of the corporation. If the mission is tactical, the department will influence the organization structure of particular subunits of the corporation.

Corollary IV

The mission of the department of organization development will affect the nature of the department's accomplishments. If the mission is grand strategy, the primary accomplishments will be measured in qualitative terms; if tactical, the primary accomplishment will be measured in quantitative terms. The accomplishments of the strategic mission department

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will lie in between those hypothesized for grand strategy and tactics.

Hypothesis II

Organization development departments will be more effective in the solution of problems of organization, the more closely the department approximates the characteristics of a grand strategy mission.

It can be seen that Hypothesis I and its four corollaries classify the departments into three types. Previous writers have not attempted to classify the departments. This hypothesis will be tested to see if the departments can be categorized in this way.

The second hypothesis will be tested to determine the degree to which effectiveness is correlated with the grand strategy mission.

The terms used in the hypotheses and thesis will be defined in the next section of this Chapter.

Definition of Terms

In the hypotheses and the thesis, several terms are used which require clarification. The terms to be defined are: organization development department; mission; activities;

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Organization Development Department

An organization development department is defined as a unit of a firm that is organizationally identifiable, receives budget allocations to perform specified activities, is led by an individual responsible for that department who reports to a higher level in the organization; and spends at least fifty percent of its allocated resources in organization development activities.

Mission

The mission of an organization department is defined as a written or verbal statement of objectives which the department is expected to accomplish. Wilbert E. Moore defines the term as follows:

Strictly speaking, organizations do not have goals, or ends or purposes. These are subjective concepts properly attributable only to individuals, including those who formulate and pursue objectives on behalf of organizations Administrative organizations may, however, properly be said to have a mission, meaning a set of specific, limited, and ordered objectives.

All of the qualifications just noted are important. An administrative organization is not established or continued for vague purposes of friendly interaction

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but rather for objectives that can be clearly stipulated and the degree of achievement constantly or periodically appraised. Such organizations are generally badly equipped to fulfill all of life's functions or their members' interests. But they are equipped to accomplish limited functions that require complex cooperation.³¹

In the thesis, specific missions were hypothesized. These were: grand strategy, strategy, and tactics. The terms are used in military theory. They are used in this thesis since they help to conceptualize three patterns of operation of these departments. In the military usage, grand strategy is

the art and science of developing and using political, economic, psychological, and military forces as necessary during peace and war, to afford maximum support to policies, in order to increase the probabilities and favorable consequences of victory and to lessen the chances of defeat.³²

Thus once the decision is made to use war as the means, all the resources of the nation: material, human, and ideational are mobilized to wage the war and the peace beyond it.

Strategy is

the art and science of employing the armed forces of a nation to secure the objectives of national policy by the application of force, or the threat of force.³³

³¹Wilbert Moore, The Conduct of the Corporation (New York: Vintage Books Division, Random House, 1963), pp. 23-24.

³²Air Force Glossary of Terms.

³³Ibid.

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Tactics is

the employment of units in combat; the order of arrangement and maneuver of units in relation to each other and/or to the enemy in order to utilize their full potentialities.³⁴

In this thesis, the military missions are used analogously. When the department is created, the mission may specify the use of several means. The grand strategy mission uses structural technological, and human approaches.³⁵

In discussion solutions to organization problems, Leavitt describes the structural approach as

the improvement of the task performance in an organization by clarification and definition of jobs of people, the setting of clearly defined relationships of authority and responsibility, and creation of formal mechanisms for coordination. A second mechanism of the structural approach is to decentralize the firm and thus reduce the cost of coordination and increase the controllability of subunits.³⁶

The technological approach consists in the application of

direct problem-solving inventions like computers and operations research techniques . . . to improve the quality of decisions made . . .³⁷

³⁴Air Force Glossary, op. cit.

³⁵Harold Leavitt, "Applied Organization Change in Industry," in James March (Ed.) Handbook of Organizations (Chicago: Rand McNally Press, 1966), pp. 1144-67.

³⁶Ibid.

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The human (or people) approaches consist in

the change of organization by changing the behavior of its members. By changing behavior, one causes the creative invention of new tools or one can cause the modification in the structure (especially the power structure) . . . these lead to changes in the task solution and task performance as well as in human growth and fulfillment.³⁸

Warren Bennis, in a similar analysis, says that one can change organizations (in an attempt to solve organization problems) by an engineering (or technological) approach which will focus on the organization structure and the tasks and technology of the work system or by a people approach which will focus on the changing of people--their attitudes, perceptions and values and interpersonal and group relations.³⁹

In this thesis, the terms will be used as follows. If a department uses a structural approach, its solutions will emphasize attention to the formal organization by analysis and change of formal relationships such as organization charts, responsibilities of position holders, and transferring of personnel. If a department uses a technological approach, its

³⁸Leavitt, op. cit., pp. 1149.

³⁹Warren Bennis, Changing Organizations: Essays on the Development and Evolution of Human Organization (New York: McGraw-Hill, 1966), pp. 114-15.

focus will be on changing the information technology or instituting newer technology in the work place to improve the analytical quality of decisions. If a department utilizes a human approach, its emphasis will be to change the people as such, by improving their interpersonal skills or by changing their attitudes, perceptions and values and consequent adjustments in group and interpersonal relationships.

In this thesis, a grand strategy mission will be characterized by the use of structural, technological, and human approaches or means in the solution of problems of organization for the corporation. A strategic mission will be characterized by the use of the structural approach to the solution of organization problems for the corporation. The tactical mission will be characterized by the use of the structural approach to the solution of organization problems for subunits of the corporation.

Activities

Activities are those tasks and functions which are performed by a department in the pursuit of its short and long run goals. The specific activities performed by the departments are described in Appendix C.

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Interaction

An interaction is a social contact between two or more persons. As Homans defines it:

when we refer to the fact that some unit of activity of one man follows . . . or is stimulated by some unit of activity of another . . . then we are referring to interaction . . . an element of social behavior.⁴⁰

By interaction pattern then, is meant the frequency, duration and order of interaction between the organization development department directors, members and other position holders, and departments in the firm in the work situation.

It is difficult to differentiate hierarchial levels. But interaction takes place among these levels. They are defined as follows.

Lower Management: Those individuals which the firm designates as part of management at the smallest unit and at the lowest hierarchial level are defined as members of lower management. Examples include: the manager of Unit 1, the supervisor of Production Unit 1, the "Sales Manager" of the Ohio Sales Force and the "Director" of the Blue Collar Wage and Salary Section, and other first line supervisors.

⁴⁰George Homans, The Human Group (New York: Harcourt, Brace and Company, 1950), p. 36.

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Middle Management: Managers below formal corporate policy makers such as Division Vice Presidents, and above first line supervisors (lower management) are defined as middle management.

Top Management: The President, Vice Presidents who report to him, or Group and/or Executive Vice Presidents, and the latter, and any others who make corporate policy formally, as evidenced by membership on corporate level committees such as "Executive Committee," are defined as members of top management.

Influence

Influence is the process by which an individual or group induces those in power (those who make decisions which affect the policies of others in the organization) to change the policies in the sphere of activity desired by the individual or group.

The weight of influence is the degree to which the policies are actually changed. The scope of influence is the range of values affected by the change. The domain of influence is the individual or group of individuals with the power who are changed. The sources of influence are: expertise

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of the individual or group, the values offered by the individual and group, and the charisma of the person or group.⁴¹

Nature of Accomplishments

Corollary IV predicts that the accomplishments will vary with the mission of the departments. A grand strategy mission will produce accomplishments that will be expressed in qualitative terms. A tactical mission will express its accomplishments in quantitative terms. An example of the latter would be numbers of people terminated or dollars saved. An example of the former is increased organization productivity or adaptability to change.

⁴¹See for example:

Harold Lasswell and Abraham Kaplan, Power and Society (New Haven: Yale University Press, 1950), p. 60.

Robert Bierstedt, "An Analysis of Social Power," American Sociological Review, XV (December 1950), p. 731.

James March, "Introduction to the Theory and Measurement of Influence," American Political Science Review, XXXIX (June 1955), p. 435.

Terrence K. Hopkins, The Exercise of Influence in Small Groups (Totowa: The Bedminster Press, 1964), p. 41.

Bennis, op. cit., pp. 161-75.

Effectiveness

The statement was made (Hypothesis II): ". . . departments will be more effective . . ." Effectiveness is difficult to measure. In a business firm, effectiveness is normally measured by the degree to which the firm attains its goals. Organization development is one of many functions in the firm. Normally, the firm would not attribute an increase in profit, for example, to one function or one set of policy changes. Therefore, effectiveness will be measured by the degree to which the executives of the firm feel the department is effective, as evidenced by their statements and their behavior toward the department.

Having defined the terms used in the thesis, the chapter concludes with a discussion of the methods used to test the hypotheses and pursue the field research for the thesis.

Research Methodology

Various research methods were available to study organization development departments. Two that frequently are used are mailed questionnaires and field research. Mailed questionnaires can be useful, if some prior research has indicated which are the critical variables and if these are

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But as Christopher Sower has said:

A painful but real dilemma for social scientists is that neither questionnaires, computer methods, nor just grand theorizing are adequate substitutes for solid research and experimental designs conducted with the real life situations of the organizations of modern societies. As these methods are detached from work with living and functioning organizations, they are not capable of producing a theory which can be used to either explain and predict organization change, or to produce it experimentally in stated situations of real life societies.⁴²

Therefore, field research methods which included observation, analysis of corporate documents, and interviewing were used. A series of interview schedules was prepared, pretested, and refined in a preliminary interview with a departmental director and interviews of three management consulting firms.⁴³ The schedules were also refined for semantic and other bias by pretesting the questions.⁴⁴

Although some questions concerned the origin of the department and characteristics of its members, the primary

⁴²Christopher Sower, "Innovation in Development Organizations," East Lansing, 1966, (Mineographed).

⁴³For a summary of their responses, see Appendix A.

⁴⁴The schedules used are contained in Appendix B.

emphasis was placed on the functions and processes of the departments. These included: the activities performed by these departments, who they were performed for (interaction) with what degree of success (influence) and with what results (accomplishments).

Seven firms were visited. Departmental directors and members, superiors of the director, and clients of the department were interviewed. Visits varied in length from a maximum of four days to a minimum of one-half of a working day. A significant advantage of this approach was that a number of internal and external sources of confirmation of the data could be utilized.

The first source of confirmation was the use of deliberately overlapping questions on the interview schedule. A second came from multiple interviews within the organization. Whenever possible, apparent contradictions or discrepancies were clarified during the interviews or by mail after the visit.

A third source of confirmation was printed material. In every case, examination of the appropriate corporate documents (such as reports, brochures, annual reports, diaries of meetings) and published data was performed. These were checked with the responses of the interviewees.

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A fourth source of confirmation was the use of informants available to the research at three of the seven firms.

Finally, peer directors were asked to evaluate other directors. These men knew each other well from association meetings and other relationships and were a valuable source of confirmation.

The sample chosen for investigation will now be described. Seventy-five firms were known to have such departments. Because of limitations of finances and time, only the forty-nine companies located East of the Mississippi River were considered. Because it appeared that the diversity of products produced, the age of the firm, and the volatility of the industry might have important effects,⁴⁵ several industry groups were eliminated. The universe consisted of the following groups: sixteen engaged in extractive manufacturing, fourteen in manufacturing and assembling, eight in retailing, six utilities and two each in service and financial businesses. The last three categories were eliminated. Directors who belonged to the Organization Development Council and the Council on Organization Planning were asked to nominate firms in these industries who maintained

⁴⁵See Joan Woodward, Industrial Organization (London: Oxford University Press, 1965), 1-3.

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effective departments. From this group seven were chosen: three extractive manufacturers (Coman, Extram, and Tractem); one manufacturer (Assembler); two manufacturers and retailers (Manfex, Remco) and one retailer (Outlet).⁴⁶ This distribution seems to fit that of the universe moderately well.

The firms were described by using the scheme of Derek Pugh and his associates:⁴⁷

Age of the Firm

The range was from fifty-five to one hundred ten years, with a median of sixty-five years. Five of the seven were within ten years of the median.

Ownership

All seven were corporations, four of which had completely diversified ownership. Two had less than twenty percent family ownership of the stock. And the seventh was attempting to broaden its thirty percent family share.

⁴⁶These company names are used so that the firms studied could remain anonymous.

⁴⁷Derek Pugh, et al., "A Conceptual Scheme for Organizational Analysis," Administrative Science Quarterly, VIII (December 1963), p. 289.

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Charters

All seven corporate charters called for profitability as the corporate objective.

Technology

The technology of these firms was mixed with no one form predominating.

Resources

The resources of these firms were considerable and differed only in the variation of ideology.

Interdependence

The firms tended to be oligopolists with good labor relations and no special problems with suppliers.

Performance

This variable is difficult to measure, but the reports of stock brokerage firms and investment analysts saw only one as an outstandingly successful performer relative to the total market in the last ten years.

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Assets: Varried from \$385,000,000 to \$1,100,000,000 but six of the seven did not vary more than \$50,000,000 from the median of \$575,000,000.

Number of Employees: This varied from 30,000 - 120,000, but five of the seven did not vary appreciably from the median of 65,000.

The sample is felt to be representative of the universe in the variables of age, ownership, resources, technology, interdependence, and size. The performance variable may be atypical but is felt to be an important indicator of the reason for creation of a department.

In Chapter II, the missions of the departments studied will be described.

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CHAPTER II

THE MISSIONS OF THE DEPARTMENTS OF ORGANIZATION DEVELOPMENT

The missions the departments of organization development pursue are very important. The first hypothesis states that once these missions are known, the activity, interaction, influence, and accomplishment patterns can be predicted. The second hypothesis relates effectiveness with the degree to which the department's mission approximates the grand strategy mission.

Chapter II presents the mission statements of the seven departments. It also presents the historical evolution of the missions. This evolution is important since it indicates the trend of top management support of the department. Each department's mission statements will be presented. Then these will be analyzed and the department will be classified as pursuing a grand strategy, strategy, or tactical mission. Later chapters will present data about activities, interaction, influence, and accomplishment to confirm this classification.

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The mission statements were derived from the following: printed sources such as corporate documents, annual reports, and published articles; and responses to questions on the interview schedules (especially those underlined):

Schedule 1: 1(H); 1(I); 1(J), 3, 4, 5, 6, 10, 12, 13, 16,
18, 19.

Schedule 2: A; B; H(3).

Schedule 3: AA; DD; GG.⁴⁸

This chapter will examine what objectives the departments have. Later chapters will describe how they accomplished them.

Data on The Missions of Departments of Organization Development

Remco

The director of the department of organization development at Remco will be called Ronald.⁴⁹ Prior to 1963, this firm employing over 100,000 employees had no corporate staff.

⁴⁸ See Appendix B.

⁴⁹ All names of companies and persons used throughout the thesis are fictitious to protect their identify.

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When Remco created this staff, the organization development department came into being. Ronald had had many years of organization development experience with large firms.

Ronald stated that the mission of the department at Remco in 1963 was the same as the present mission:

[R-1]⁵⁰ My job at Remco is to do organization studies of the plants. For example, last week I did a study on the _____ plant. (Ronald produced a packet of organization charts.) Here you can see the plant organization before and after my work. They were all messed up. I changed them from a functional to product organization basis. In the process, I cut twenty percent of their personnel. There was a lot of fat in their operation.

Ronald stated that his clients were concentrated at the plant level, and not at the corporate level.

[R-2] Our new President took an old one-product company and gave it diversification. In the process, he created a corporate staff, but the line makes little use of the staff. Our corporation really has two levels: corporate level and plant or store level. All of my work has been with the plants. I have not been asked to work at the corporate level. The President sees this as his prerogative.

Finally, the approaches utilized by Ronald in his work were discussed. During this discussion, the structural,

⁵⁰[R-1] and subsequent letter-number combinations will be used to refer to the data presented at this time later in the thesis.

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technological, and human approaches were described. Ronald stated that he did not use the human or technological approaches. He emphasized the structural approach. He described in some detail several plant level organization studies. These were given as examples of his objectives. In all cases, the goals were personnel savings through structural changes.

The department focused on plant level organization studies. [R-1] Ronald denied that he performed analysis at the corporate level [R-2]. And Ronald described the performance of structural activities to illustrate the use of the structural approach. In addition, he denied that he or any other department at Remco utilized the technological or human approaches to organization problems.

Thus, Remco fulfills the two requirements for a tactical mission: utilization of the structural approach to solve organization problems at the unit level of the corporation.

Assembler

The director of the department of organization development at Assembler is called Arnold. In 1956, he worked for a management consulting firm. This firm reviewed the

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organization of Assembler with a view to changing the structure. This change was necessitated by the impending retirement of Assembler's chief executive who had led the firm for forty-five years. 1956 also saw explosive growth for Assembler. The new President asked Arnold to join his firm as his assistant. Arnold's duties were to help the President evaluate the consultant's report and help implement the changes.

When this project was completed, the President and Arnold discussed the future organization problems which might arise at Assembler. They decided to create a department of organization development. The President wanted the department to help the executives to control the organization problems they were likely to face with the expected growth in the future.

The director stated the original mission of the department as follows:

[A-1] In the beginning, our job was to implement the decentralization program for the corporation to assure that the divisions complied with our plans. This was quite an extensive task and the department grew because of our[Assembler's]growth.

The director described the present mission at several points in the interview. At one point he said:

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[A-2] At Assembler now, the organization department contains seven professionals. The largest divisions have at least one divisional level organization development man. In the smaller divisions, one man may be responsible for several divisions. We view organization as the implementation of a total management system. We try to help the corporate headquarters and the divisions phrase their organization objectives and policies. We help them set up organization controls, delegation of authority, executive responsibilities, proper decision levels and sound organization structure. We try to act as an internal management consultant for them on their organization structure problems. ✓

Later, Arnold said:

[A-3] We meet with the top executives frequently to review and approve their division organization plans. We appraise their decisions on the level decisions are to be made, checking if these decisions are reserved for a higher level. All major organization changes must be sent to us. Top management sends us their long-range plans so that we can project the future organization structure. There is a separate Business Planning staff that allocates resources of the firm. We work closely with them to see if they think a new division is needed and make recommendations on whether we feel they have the proper structure.

I believe that there are principles of management--and management has the basic responsibility to use these. Our department must try to see that they do so. The general manager must plan, control, and measure - watch his span of control, delegate authority effectively to the lowest level, avoid committees for they are not effective decision makers. We try to get the top management to work together as a "choir" not as soloists. Otherwise, too much overlap results. Perhaps you can have five percent overlap with efficiency, but no more. We've got to watch staff and line relationships and the balance of the organization.

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It was important to know what approaches Arnold used and whether he was involved in the human or structural approaches to organization development. Arnold replied as follows:

[A-4] Personnel changes are the concern of the line managers and some staff people such as personnel. The communications and systems department is concerned with information flow. The rest of the duties you talk about are handled by the management development department.

When Arnold was asked whether his department coordinated in a special way with these other departments during an organization change, he said:

[A-5] We don't have any more contact with these staff divisions than we do with systems engineering, for example. We normally are involved with them only if they ask for our help in their own internal organization problems. Our chief focus is to be concerned with an adequate and efficient organization structure for Assembler. We are closest to the Plans and Controls staff and together make sure that the management functions of planning, organizing and controlling the organization are adequately and efficiently performed.

Arnold stressed the corporate focus of his department and its use of the structural approach. This impression was confirmed by other sources. The corporate policy manual stated the department's mission as:

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[A-6] The department of organization development will maintain the company policy manuals, specifying the controls the corporation exercises. It will issue all policy statements in the area for the Chairman of the Board and the President. These will specify the powers and duties reserved by themselves, to the Board, to the Vice Presidents and to the divisions. It is the custodian of the management system . . . The department of organization will be concerned that principles of organization are followed in Assembler, carefully clarifying the responsibilities of individuals and departments, and maintaining proper line and staff controls. The department will assure that the departments are planning their objectives, planning their organizations, and responsibilities. This department will issue manuals of proper nomenclature, position titles, and task descriptions. It will be its responsibility to control organization changes. It will determine if the departments are following corporate policy by checking organization charts and departmental policies. It will inspect the division organization manuals . . . The department will also issue the corporation organization directory which will show the names and titles of present personnel and their reporting relationships and responsibilities.

Arthur, a typical department member, has worked in the department since 1957. His descriptions of the origin and evolution and present mission confirmed Arnold's statements.

[A-7] Each of us work at corporate level and with some of the divisions. We do service work, such as keeping their manuals up to date, checking titles and job descriptions for adequacy with reference to corporate policies. We do organization studies to consider new structures, or we check the adequacy of present structures for the divisions. The chief objective we have is to make sure that our departments are efficient in their service. For example, some executives questioned whether our legal staff was servicing the corporation well. They were divided into antitrust and general legal departments. I did a study. There was some overlap because lawyers

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are a pretty jealous lot. So I broke it into three segments: current operations, litigation, and research. Each served certain top executives plus certain division responsibilities.

Arnold stated that the department focused its attention at the corporate level. In [A-1], Arnold spoke of implementing the "decentralization program of the corporation." In [A-2], he describes an organization structure for the department that fits this pattern. Further, he says: "We try to help the corporate headquarters and the divisions to" [A-2]. Similar statements are made in [A-3], and are confirmed in statements from the policy manual [A-6]: "The department . . . will maintain the company . . . manuals, specifying the controls the corporation exercises. . . ." Corporate focus was confirmed also by Arthur's statements [A-7].

What then of the approach taken by the department to organization problems? Arnold, Arthur, and the policy manual give evidence of the use of the structural approach. [A-2] ". . . We help them set up organization controls, delegation of authority . . . and sound organization structure. We try to act as an internal management consultant for them on their organization structure problems. . . ." Similar statements are made in [A-3, A-6, A-7]. Finally, Arnold specifically denied the use of human and technological approaches or even special

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coordination with those who do [A-4]: ". . . the duties you talk about are handled by the management development department . . ." [A-5] "We don't have any more contact with these staff divisions than we do with . . . system engineering . . . Our chief focus is . . . efficient organization structure. . ."

Thus, Assembler fulfills the two requirements for a Strategic Mission: utilization of the structural approach to solve organization problems, and focus on their solution at the corporate level. There is only one similarity between Remco and Assembler's departments. That similarity is the use of the structural approach. There is a distinct contrast between Ronald's plant level studies and Arnold's corporate focus. And Assembler has division-level organization staff to do plant studies.

Coman

Charles has been the director of the department of organization development since its creation in 1959. The department's background was described by Charles as follows:

[C-1] Our executives were not satisfied with our employees' performance. We felt that they were not working to their potential and probably because too much of our energy was drained off into internal

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In 1958, I came under the influence of Professors Likert, McGregor and Haire. I learned that a growing number of executives, managers, supervisors and their immediate organizations in the company had been using relevant research findings from the behavioral sciences in an attempt to build better organizations and to improve organized human effort.

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With our problems and my knowledge of the new managerial techniques, I suggested that we consider using some of the approaches to management being suggested by Haire, Likert and McGregor. I wrote a report of their writings and suggested we separate certain functions of Industrial Relations. We called the new department: Management Personnel Services. I wanted to call it Organization Development, but felt I'd scare them with that title at that time. Our initial mission was: "to assist in evolving and implementing sound principles of motivation, management, and organization with respect to the efforts of administrative, technical, and professional people." We wanted a separate department because we felt that personnel work was not relating to line people and wondered if we could use Theory Y. We separated from personnel because we wished to operate differently and so the organizational separation could help change the image.

The director then discussed the evolution of the department. He also indicated how the mission changed over this time period.

[C-2] How could we seven or eight people influence thousands of employees from all over the world, especially since we wanted to be an inside consulting service and not use top management pressure to sell our

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message? Well, we began by emphasizing our three assistance functions--organization charts, training, and exempt salary administration. Managers could get our help in implementing the unified salary plan for example. Initially, most requests for our services came in the area of salary administration. The next most frequent request was organization. The managers became convinced that the human effort could be facilitated through reorganization. Later on, the emphasis has been to forward planning, not day-to-day operations.

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We organized the department along the lines of Theory Y as an example to the firm. And so we did not attempt to exercise control in our areas. We would only act if we were asked to help. We didn't attempt to control salary changes, and weren't concerned about formal reporting systems. Well, we had to wait six months for our first customer. They came to ask for help in salary administration. We used the Likert-Haire-McGregor approaches and soon other units of the company started asking for our help. But it was a while before we were accepted.

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Management Personnel Services was initially made up of four exempt and four nonexempt people, whose backgrounds in industrial relations included salary administration, training, and organization development. From 1959 to 1961 we reported to the same vice president as did the Industrial Relations Department.

The objective remains the same today as it was in 1959. We changed our name and relationship. Early in 1962 the company decided to bring together a number of corporate staff units that might loosely be thought of as having a forward planning orientation rather than dealing primarily with day-to-day problems. Management Personnel Services, under the new title of Organization Development, was transferred to this grouping along with four other staff units. All report to a vice president of the corporation. Our current mission statement is "To assist managers at any level to make the most effective use of current knowledge about organized human

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So you can see we are concerned with creating the conditions such that group relations are supportive. We are interested in persuading Coman to change its attitudes to Theory Y, and helping these processes by organization work, salary work, and training aids.

In order that the statements given by Charles could be confirmed, the department's annual report was reviewed. This document was called "The Organization Development Department Business Plan." It included an annual report and the projected program for the next year. Charles' comments were confirmed. The mission statement was printed on this document which had been approved by the department's superiors. But the spirit and attitudes perceived from the discussion with Charles also were present. The utilization of the human and structural approach can be seen in [C-3].

[C-3] Long-Term Objectives of the Department

The principal long-term objective of the department continues to be to assist managers at any level to make the most effective use of current knowledge about organized human effort in their continuing attempt to improve organizational performance. The department is responsible for guiding the Corporations' exempt salary program, coordinating the exempt personnel inventory, maintaining the major organization charts of the Corporation and providing a variety of informational and consultative services relating to organizational effectiveness. These services include:

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Conceptual and Consultative Assistance In: --
Planning and Implementing Change -- Building Effective
Teams -- Resolving Organizational Conflicts -- Applying
Motivational Knowledge -- Linking Organizational Systems
-- Minimizing Communication Obstacles -- Planning and
Operating Within the Salary Program -- Using Financial
Incentives -- Using Objectives Constructively.

Other Direct Services: Exempt Job Evaluation for
the General Departments -- Executive Development and
Training Program Information -- Outside Placement Con-
sultation -- Individual Relationship Consultation.

But the utilization of Theory Y and the particular
orientation of the department was especially noticed in the
section titled "Policies of the Department"[C-4].

[C-4]

(1) The aim of an Organization Development consultant
is primarily to provide insight, perceptions and princi-
ples to assist the manager or his organization in devel-
oping for themselves the kinds of solutions which best
meet the problems at hand.

(2) The services of a consultant are available upon
request. He will not seek to interject such services
where they are not wanted.

(3) An invitation to consult, advise or assist on any
specific or given problem does not commit the seeking
manager or organization to any continuing relationship
with the department or a consultant, nor does it commit
him to accept counsel nor the principles on which coun-
sel is given. Similarly, consultants expect to be free
to withdraw from situations where they feel they cannot
be helpful.

(4) In formal conceptual work, the department ex-
pects to be held fully accountable for the integrity of
the principles evolved. On the other hand, once a formal
system, procedure or program has been adopted by line
management, the accountability for its operation belongs
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(5) Time and availability permitting, any member of the department will accept an invitation from any manager to work with him and his organization on their problems and will report findings only to that manager and his organization unless specifically asked by the manager to convey data to his organization superiors.

(6) The members of the department will not misuse confidential information entrusted to them by either formal or informal means, but within the Organization Development Department such information is not confidential. Free and complete internal exchange of data and experience is necessary to maximize learning and competence. (The essence of this policy is an attitude of mutual trust, mutual support and open communications which allows for complete exchange of ideas, experiences and problems among members of the group as needed. The sharing of every conversation and problem is not an internal objective of Organization Development, but like partners in any effective consulting organization we are often compelled by the needs of the client to consult among ourselves to try to produce the most useful help for the client.)

The mission of the department at Coman is grand strategy. First of all, its focus of attention is the corporation, not subunits of the firm. In [C-1, C-2], Charles describes how he wanted the whole philosophy of the company to change, but he would not be inconsistent and try to force it on the firm. Instead, the function was created at the corporate level. Their purpose was [C-2] ". . . influence thousands of people all over the world . . . [C-2] ". . . creating the conditions such that group relations are supportive. We are interested in persuading Coman to change its

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attitudes. . . ." The corporate orientation is evident from the Business Plan [C-3] ". . . The Department is responsible for guiding the corporation's exempt salary . . . maintaining the major organization charts for the corporation" This orientation is found in [C-4] as well.

Secondly, the approaches chosen by the department are multiple. The structural approach appears throughout the data given so far. [C-1] ". . . using relevant research findings from the behavioral sciences in an attempt to build better organizations . . . ". [C-2] "We began by emphasizing . . . organization charts . . . The managers became convinced that the human effort can be facilitated through reorganization." Many of the services provided by the department were structural activities (See Appendix C). [C-3] "Planning and Implementing Change . . . Resolving Organizational Conflicts . . . Linking Organizational Systems"

Thus, Organization Development Department at Coman is involved in changing the organization structure of Coman by using the structural approach. But it also is concerned with changing the people involved. This is the human approach. Practically every statement given so far emphasizes this approach. Examples include: [C-2] ". . . creating the conditions such that group relations are supportive"

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[C-3] ". . . These services include: . . . Building Effective Teams . . . Applying Motivational Knowledge . . ." In these and many other statements, Charles indicated that a primary approach of the department was to change the people and their attitudes so that the organization would be more effective. The technological approach was not stressed particularly, but was evident in a few mentions such as [C-3] "provide assistance in . . . minimizing communication obstacles . . . training programs for executives."

Thus, Coman's department utilizes several approaches: the structural and human and (to a small degree) the technological. It also focuses its attention at the corporate level. Therefore, it is classified as pursuing a mission of grand strategy.

Extram

The Director of the Department of Organization Development at Extram is Edward. Members of the Department include Endicott, Edwina, and Esmund. The department's superior is Einstein.

Extram has a history which included past interest in problems of organization. As Edward described it:

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[E-1] The earliest interest in organization problems was shown by the well respected and best educated executive of Extram at that time, the Vice President of Industrial Engineering. At his suggestion, the company created a Committee of the Vice Presidents called "Committee on Organization Planning" in the Mid-1940's. It met regularly and issued a list of eleven principles of organization of the traditional type which was to help us manage all aspects of the company. These principles were applied to everything from plant organization to running the company picnic. The Committee pestered the bosses about organization structure, but these principles were isolated from the total management process. This work had filtered down to the plant level and I was responsible for these matters at the plant level. This position focused entirely on drawing charts and improving "the mechanics" of the structure. The Committee died from attrition of executives retiring and moving, but the seeds had been planted at the plant level. To implement the ideas of these men, there was created within the Industrial Relations Department itself the position of an Organization Planner. This man was a Purdue Industrial Engineering graduate. He became restless at staff work so in 1960 requested and received a line position in a new division created when we acquired a firm.

At the same time as these developments were taking place in organization, management development was growing as an area. At Extram, an assistant to the President, who had been the Director of Industrial Relations, was given the project assignment of finding out about management development. This project lasted from 1953-57. He visited all the companies who had this function and wrote reports about them. He recorded the "useful" aspects and had created a large file. About this time, the assistant to the President was promoted into a divisional line position. I was given the management development department and shortly thereafter the organization planning function so I had the beginnings of an organization development department.

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Edward describes the status of the functions prior and subsequent to his assumption of leadership.

[E-2] You might ask: What did these departments do? Well, management development primarily gave courses on principles of management and such things. Organization planning produced directories, did studies, and made recommendations for changes. They were not involved with each other. The people in organization planning were quite frustrated. They saw no one using their work. When it came time for changes, not even the Vice-President-Industrial Relations was consulted. The President just went ahead and did what he wanted to do. So we concentrated on lower and middle management. To sum it up, at that time I guess you could say that the purpose of organization planning was to do studies of organization structure and the purpose of management development was to teach courses about better management methods. That's what we were expected to do and we did it. The prior President seemed little interested in organization studies so I concentrated the publicized aspects of our function on the management development side and continued organization studies for those who needed or wanted them. I started using various consultants to help us. On the organization side, I tried to use and teach the Principles of Alvin Brown but I was confused until I saw it as part of the total management process and it could then take its rightful place as part of this process, not just isolated studies.

Edward indicated that [E-2] was close to the earliest mission statement as he understood it. Edward next discussed the interim period prior to the present mission.

[E-3] We evolved a new management development program using Kepner and Blake as consultants. Many executives took these courses, including our present President. In late 1962, the prior President was getting close to retirement and his indicated successor was concerned (along with the executive committee) about

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the poor quality of our executives. Whenever we needed a replacement, we weren't happy about the results. He had taken our course and said he was satisfied with the philosophy of management we were trying to teach. But he said, "Does our organization structure help us develop self-starting, independent managers, or impede it? How likely are our managers to set their own objectives with our centralized organization? We are large, operate over a wide geographical area, and are diversifying in products. Yet our profits are poor, our programs are not effectively evaluated. Let's get together and discuss this." My boss was acquiescent and so we began meeting weekly. The President is an avid reader of the literature and circulates freely with top managers outside the company. He asked me to make a survey of the corporation's organization for problems and give some recommendations. I made the usual charts and I suggested a new organization plan (decentralized). We modified it by the people he had to sell to the board.

In the process of these discussions, the President and Edward evolved the mission of the department. Edward described the mission in terms of objectives:

[E-4] So we set some objectives that we would try to help the corporation achieve: a capable manager responsible for every business in this company. One who can develop objectives for his business, administer it, coordinate his objectives with other functions and divisions, set priorities, be accountable for results. An organization of jobs and levels of jobs which promotes and permits optimum communication and coordination throughout the company. An organization structure which reflects sound Principles of Organization that can be reapplied to any segment of the company; and finally that organization of responsibilities which can maximize the management and administration of the business objectives.

Edward and the department's future were intimately involved with the new President and Edward was excited as he said:

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[E-5] I remember the day the new President went to the Board. He threatened he'd quit if he didn't get the organization we proposed. He had presold some of them privately. The Board accepted the plan. To assure acceptance of the plan, I suggested we employ a consultant to run a parallel study (without telling them our objectives). I interviewed the consultants and screened them--suggesting one which the president approved. I suggested a "Fundamental Change Committee" be set up to review the suggestions. The President approved and I was made chairman. It included the Controller, the Vice-President of Marketing, the Vice-President of Research, and two others. By this time, there was a new Vice President of Industrial Relations (former Vice President of Research) and he was consulted. This Committee also helped identify potential executives for the new organization. We were given the right to move people, and remove people (this had never happened before). Functions were dropped. This whole organization change was to support our philosophy of managing.

At other times during the interview, Edward returned to his mission and objectives at present and in the future:

[E-6] Our objectives are that all people at all levels will help to manage, to solve their own problems, do their own training. Another objective is a better grade of employee. Organization structure is an essential part of my philosophy of management. If you give an old structure to a new leader, he must destroy it. He must use the structure to organize. We can give them a better work force, better training, superior technology to a new structure, better work environment--all to better manage the business. So we try to get these objectives by putting together all of our tools to get the job done. On the organization side, we are concerned with studies to determine the best relationships. We run the seminars trying to make better decision makers of our managers--the apex cases of Kepner help us on these. . . Then there is the problem of people. We try to change people to fit our organization needs.

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Confirmation of the mission and approaches used was found, with varying emphasis, among the department members and others in the firm. Esmund was chiefly involved in the human approaches by use of seminars. He made frequent trips to work with salesmen and other Extram employees in the field. He also had just returned from an IBM seminar and was in the process of making suggestions for the use of the technological approach, by use of better information flow for decisions and some of the newer decision-making techniques, such as linear programming. Endicott was spending most of his time implementing the change in organization structure and the work environment. He stated his function as follows:

[E-7] I am the conscience of the plant manager. He needs prodding to make organization and management more meaningful. For although he is intellectually committed, in actuality he tries to be a personal leader (without objectives). His people are happier now. Prior to our organization studies and development, this plant had the lowest ranking. Now, with objectives, they are not as discouraged and are making progress. The plant manager was too oriented "to this problem at this time."

Endicott had prepared some tools to implement his plans. They consisted of planning sheets for meetings to set objectives for the plant all the way down to the team level and by this level. Each of these had organization aspects. It was a part of the integrated approach of

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organization plus management of resources, especially the human resources. The department provided tools such as a survey to stimulate thinking about organization and management and seek ideas from the human resources. By use of these tools, the managers and employees were encouraged to be concerned with such questions as:

[E-8] What five things can the individual manager do, working on his own, to create an over-all climate conducive to innovation? . . .

What does the phrase "management by objective" mean to you? In what specific ways might this have impact upon: profit, organization, appraisal, participative management, control and results? . . .

Corporate Policy assumes that the same rules are equitable and fair for all employees in a company. In what ways might a specific Corporate Policy be more effective if it allowed for social and cultural, work or value differences among the employees? . . .

Policy is said to be both written and unwritten. The ethical or moral intent by which a company or any portion thereof will be managed is infrequently written as policy. In your judgment, what should the key ethical or moral values of "the company" be? . . .

By what means would you, as a manager, determine the need for a "program" to implement a chosen course of action? Who would you have spell it out? . . .

"Systems and procedures may be used to audit control, but should not in themselves be a control mechanism." Do you agree--or disagree? Why? . . .

In what ways might--or should--the budget or accounting system determine how a company is organized? Why? . . .

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To what degree should a manager rely upon non-management employees to participate in setting cost standards, quality standards, standard methods? Why? . . .

"More recent attempts to define jobs have been emphasizing only the "results expected" in terms of what, how much and when." Why is this happening? To what extent do you believe it is more or less effective? Is it feasible? . . .

Which central or corporate (staff) functions should have vested authority over lines, if any? Why? Privileged authority and why? Authority of knowledge and why? To what extent should the corporate organization structure be changed to differentiate these authorities? How? . . .

It is thought that the principles of organized relationships are not conducive to good inter-personal relationships. What are some specific examples? How might these be made more compatible? . . .

What would you list as the necessary functions employed to supply and maintain the "people" resources? How well do you think the company is doing in each? What major changes would you make, if any? . . .

To what extent do you believe that participation in management decision making is motivating to the non-management employee or to employees in lower management echelons? Why? To the degree that you think it effective, how could it best be accomplished? . . .

It is said that "successful decentralization of authority is dependent upon effective centralized control." What does this mean to the individual manager? To a corporation? . . .

Endicott was involved in the process of reorganization and reorientation of the managers as a participant observer. He helped the manager plan the meetings, attended planning or

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organizing meetings, and served as a catalyst in this process of reorganizing the firm's largest plant.

Finally, Einstein, the Vice President of Industrial Relations and Edward's superior, confirmed the department's mission when he said:

[E-9] The mission of organization development is to do something about the way people in Extram marshall their forces to solve problems. The employees are too oriented to the present and our results were not good. Thus we wanted to reorganize and to change the orientation of the people we had here at Extram to work toward the corporate goals. For there is a limited supply of good managers and they are the critical resource of any company. So we have set out, within the department, to get the right organization and right people, or to change them, to get this company moving again.

The mission of the department of organization development at Extram is grand strategy. First of all, the focus is the corporation. [E-4] "So we set some objectives that we would try to help the corporation achieve . . ." [E-5] relates the creation of a Fundamental Change Committee for the corporation. [E-6] ". . . All people at all levels will help to manage . . ." In [E-9], the superior of the department clearly states that the department is concerned with affecting the policies of the corporation.

Secondly, the department utilizes all three approaches to organization problems. The structural approach is discussed

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in several places. [E-4] "An organization of jobs and levels that . . . an organization structure which reflects sound Principles of Organization . . . organization of responsibilities which can . . ." [E-6] ". . . organization structure is an essential part of my philosophy of management. . . ." The human approach is integrated with the structural. [E-3] ". . . Does our organization structure help us develop self-starting managers . . ." [E-4] ". . . objectives . . . a capable manager . . ." [E-6] ". . . Our objectives are that all people at all levels will help manage. . . We try to change people to fit our organization needs . . ." [E-7] ". . . although he is intellectually committed, . . . he tries to be a personal leader . . ." [E-9] ". . . to change the orientation of the people we had . . . to get the right people, or to change them . . ."

Finally, the technological approach was beginning to be used as evidenced by Esmund's plans. This department contrasts sharply with Remco's unit focus and structural approach and with Assemblers' sole reliance on the structural approach. It resembles Coman's much more closely.

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Manfex

The Director of Organization Development at Manfex is Matthew. The Director first gave a history of organization problems at Manfex.

[M-1] Manfex has been in the business almost one hundred years. In 1929-30, we were a holding company with strong autonomous divisions. We were caught with a big inventory. The directors created a corporate staff other than legal and financial. The company grew. There were many rivalries between divisions and between corporate staffs and division staffs. You can't imagine how it got out of hand. Each division was doing its own research in secret. There was no coordination and much duplication of products, functions. And all of this was because of the secrecy and rivalry. The staffs all jumped on the latest fads to justify their existence. Part of this developed because we had completely decentralized by 1951. And it was seen as a panacea to our problems. At corporate level, there were few controls to parallel the decentralization.

By 1957, the President saw real problems in terms of control. He felt that this was the cause of lack of growth and profits. We had slipped from number one in our major line to number two and by 1957 we were number three. The President felt that in our company, units do not organize themselves out of business. They cannot objectively make decisions affecting their own existence.

So the President hired a consultant and brought back a retired Vice-President. They suggested a reorganization and the creation of a department of organization development to handle problems of organization in the future. I had been doing manpower planning and was selected to be the new department head.

Matthew stated the mission of the department several ways. First of all, he quoted the statement the new President made to him in 1960:

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[M-2] This company was first in the business, then second, and now third. We're known as old and conservative and not as a growth company. Look, Matthew, I can run the shop or put us back in first place. It'll take big changes, but let's go. What you can do is help me reorganize this company and get the right people in the right spots. The kinds of changes and functions that must be performed are too important to be done on a day-to-day basis. It needs a higher degree of continuity and we must begin planning for a longer period of time. (Emphasis mine) This will not be a job that will win you any popularity contests, but it will help us to improve the company's position.

Later on, Matthew described his mission and gave some illustrations of his work.

[M-3] I am charged with deliberate changes in the organization structure which will benefit the corporation as a whole. If a unit doesn't fit our pattern of getting the job done, we make interim moves to bridge the gap. For example, an earlier President felt that advertising was a function we needed centralized. We had a thirty-two man staff, yet the divisions all hired their agencies . . . I tried to get the divisions to use central advertising or move corporate advertising's people to the divisions. The corporate people refused to go to the divisions so I abolished corporate advertising . . . In a way, my purpose is the planning of organization structure changes and people changes. I am the boss's dreamer. He asked me how we should reorganize the international aspects of the corporation. He can't go to the current people. They just justify themselves and present positions and resist change to the point of desperation. I begin with a function--to see what the best fit is for the objectives of the business. And then I move the people. I may take fifteen cracks at the job. And then I put the people in it. I check the salary and other benefits at the same time. Really, I'm involved with developing the careers of top management. As I see it, there are these elements to organization planning: the function to be performed, the

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people available, the timing of the move, the climate he's moving into, and the state of the business at the time. In an older company such as ours, if we've done anything one way for more than five years, we need a change. You need an outsider such as me to make changes, not the involved personnel, for they will protect themselves.

Matthew had developed a philosophy of the organization function that influenced how he performed his mission.

[M-4]There is no one best way of organizing because there is no one best way to manage. I deliberately back up a hard nosed boss with a more democratic man, or vice versa, because the hard nose may keep costs in line, but crush all the guys with ideas too. What I must do is pick the best man for the job and put him in it. In an older company, getting change is a problem. One way I see of getting these changes is to build complementary structures. If the top man in a division is a manufacturing man, then the next man should be marketing and so on. If not, the organization becomes run by one function on the basis of friendship and we'll still do things the way we always did. Sometimes, line executives try to prevent my creation of complementary structures or arrangement of men. For example, I recently selected a man to head a division. He's a shirt sleeve operator and he had the division shaped up in a hurry. The people below him like him but he's not accepted at headquarters. I arranged for him to take sensitivity training, and tried to improve his working with people. In fact, that still is a key part of my job. We use sensitivity training and all kinds of group methods to attempt to make our executives more aware of other people's contributions. We even try to change some of the ideas some of our executives have about people in general and this company. With some, it works. One executive told me it was degrading to go through it but is happy he had it now. Some very sensitive ones, I don't ask to take it. It may be a threatening experience to them.

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Later, Matthew summarized his objectives, mission, and philosophy as follows:

[M-6] If I had to summarize my beliefs and what I'm supposed to do around here, I'd say:

(1) Growth comes from change of methods and people. If we've used a method or an executive for five years, we need a change . . .

(2) There is no such thing as an ideal organization structure. Look for the best combination of functions and men to get the job done and this results from the dynamic interaction of functions, people, timing, climate, and state of business.

(3) There is no such thing as a good man or type of man for Manfex. Promote the best man even if he is an odd-ball and try to change some others so they can be promotable.

(4) We train effective managers and get the changes we need by complementary placement in the structure, e.g. always give a marketing-oriented general manager an assistant with different training.

(5) We place men and promote men to the Presidency and change the structure to meet our greatest functional need for the future.

(6) So what I do is help the President plan his needs for the future. I help him organize the corporation effectively, and help control the growth of our company. I help provide him with the right people for the job. I place them in right relationships so they can work together and get the job done. I even try to change some people so that they will be happier here and we can get the job done.

Confirmation of the mission statement was found in the minutes of the Board of Directors meetings. Each year, at this particular firm, the Board holds a ritual in which the chief officer of a department or division is formally invested

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with his authority and given a mission for the year. The title of director of management development was used up to 1960 for Matthew. The scope of its mission seemed to emphasize training and development. Then, in 1960, with the installation of the new President, Matthew was listed as Director of the Department of Organization Planning. The mission of the department was listed in these minutes as follows:

- [M-7]
1. To create a sound plan of organization for the corporation;
 2. To give the corporation farsighted planning for and clarification of the corporate objectives;
 3. To give the corporation effective means of control over the organization.

Then each year a fourth "project" type responsibility was given them. For example:

4. To clarify the complicated relationships between staff and line departments in the corporation.

The department at Manfex has a grand strategy mission. Its focus of activity is the corporation. This is clear from the creation described in [M-1], the President's statement [M-2] ". . . help reorganize this company." It also is clear in Matthew's statements of mission: [M-3] "I am charged with deliberate changes . . . that will benefit the

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corporation . . ." It is clear in all of his statements. In Chapter III, it will be shown that Matthew does not even work at the unit level as Remco does. Secondly, Matthew used both structural and human approaches to problems of organization. The structural emphasis is evident from the following statements: [M-3] "I am charged with deliberate changes in the organization structure . . ." and the change Matthew made with the advertising department. His approach of beginning with functions and later matching people to them shows the structural approach as well.

There was no evidence of the use of the technological approach, although Matthew spoke vaguely of adding it to his department soon. But the human approach was quite evidently integrated with the structural. [M-3] ". . . In a way, my purpose is planning of organization structure changes and people changes . . ." His description [M-5] of attempts to change the division Vice-President so that he would be more "acceptable" was another example. [M-5] ". . . In fact, that [changing of people] is a key part of my job. We use sensitivity training. . . to attempt to make our executives aware . . . try to change some of the ideas of our executives about people . . ." Since the focus is corporate and the approaches multiple, Manfex has a grand strategy mission.

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Outlet

The Director of the Department of Organization Development at Outlet is Otto. The background of the firm's department was stated by him as follows:

[O-1] Outlet is a firm that had had profitable and dynamic growth in the 1930's. More than two-thirds of our stores were added during that period. The third President concentrated on stabilizing our position. But we stabilized into a relative decline in profit and growth. By the mid-forty's, Outlet knew it was in trouble and the executive group began to analyze its future. In early 1958, the year the third President was to retire, Outlet brought in the management consulting firm that I was working for. We recommended the setting up of a function called "Planning and Research"--emphasizing marketing and organization problems. They set up an organization committee consisting of the then Board Chairman, Executive Vice-President, Vice-President of Finance. This function was put under the Vice-President of Finance. Well, I had known the about-to-be Chairman when he had consulted with the government and when I was at the consulting firm. I took a job as assistant to him and helped set up this planning function. The Vice-President of Finance was moving up and I suggested we split the function into Organization Development and Marketing. They agreed and I took over the Organization part in 1959.

Otto described the evolution of the organization function since then. The mission of the department is also given at this time.

[O-2] In the beginning, I reported to the Vice-President of Finance. He was just the right kind of executive to report to for this function. He let us alone. But there were others who were not so cordial. For example, the accounting department felt we were

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just extra expense. So we had to be accepted without becoming a political football. I staffed with consultant-type guys, who took the selfless and broad view of the company. At the beginning, we undertook regular organization studies. For example, in our first study, we centralized a function and showed a saving of \$1,000,000. After we established ourselves, we could take on our real function. This is to be an inside consultant who thinks about the company the way a management consultant does. You cannot approach the function the way Personnel was trying to do. You see, for quite some time, Personnel had had an organization planning department for the store level, concerned with manpower analysis. Whenever they needed an organization study of the whole store, they brought in a consultant. The store level organization planning unit is still active. I knew what this function could do, but the company didn't . . . We're here to support the company as a whole, involved in long range and market planning. Organization development's mission is to picture the company as it is today and where it will be five years from now so as to help plan the period in between. We perform organization studies to help in this area. Our function is also the planning of people as well as organization planning. We are concerned with development of executives and succession. So in a way we have become involved in executive development, partially because Personnel did not involve itself in this function. For one thing, we think differently. We're not so embroiled in the political swim as Personnel is. We're willing to take a position, take our lumps if necessary and fight it out. In one case regarding an executive move, the President saw it one way. The Chairman another. I helped to get the difference out in the open, see the different opinions and settle it. We can be "yes men" and dead or courageous and get the job done. We must get people to see each other's ideas and respect them so that they can get along. An important part of our objectives is that of being concerned with change in the organization, in terms of policy, organization planning, and people.

At another point in the interview, Otto returned to the subject of the mission:

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[O-3] My function is to be a devil's advocate, a man thinking about problems the company is not covering or handling poorly. Management needs someone to remind them of functions it has overlooked. It needs a catalyst to bring problems up. That is what organization development does . . .

A very important objective for us is to realize that this company has certain values which are important to its success. Suppliers and customers know that we are very ethical and that our own brand items are top quality, that this company has always taken care of its employees in a very moral way. We are then conscious of the possible implications of each new policy proposed or change suggested in terms of: what will this do to our principles, the things Outlet has stood for. Someone in the organization must be on the lookout for these things and it is an important objective of our work.

This department pursues a grand strategy mission.

First of all, the focus of attention of the Department at Outlet is the corporate level. Otto says [O-2] ". . . We're here to support the company as a whole . . . to picture the company as it will be five years from now . . ." [O-3]

". . . a man thinking about the problems the company is not covering . . . The company has certain values needing protection . . ." Secondly, the department utilized all three approaches. The structural approach is evident in Otto's discussion of organization studies [O-2] and formal policy analysis [O-2]. The human approach is evident in Otto's statements of ". . . planning of people [O-2] and developing

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the executives [O-2]. The technological approach is mentioned in [O-3] ". . . problems like: are we making decisions in the way we ought to?"

Thus, since Outlet focused at the corporate level and utilized all three approaches, it can be said that the department is pursuing a grand strategy mission.

Tractem

The Director of the Department of Organization Development at Tractem is Thomas. He described the history of the function at Tractem.

[T-1] After I had been at Tractem for several years in the Personnel Department, the present President and I proposed a study of our corporate structure. The President and Board Chairman reviewed our study and approved it. Our recommendation included the creation of the department. In 1956, when Mr. _____ (the present President) was the director, the department was engaged primarily in large scale structural changes necessitated by the retirement of the Board Chairman. He had run the company for so many years that all the decisions had been set for quite some time. When an era passes, major changes must take place. We began changes in structure and personnel then. These were to continue through several interim presidents until he became President. Really, we've continued them since then, but most of the major changes took place with some large scale retirements and structural changes the first few years.

The mission of the department was stated by Thomas as follows:

[T-2] One reason I came to Tractem was its long history of interest in and human attitude toward its employees. Tractem, from the beginning, had been aware of its responsibilities to develop its people in all functions. Our department sees to it that this tradition will not be violated by short term decisions. This approach has meant too much to Tractem to let it be easily changed. So, one duty is to make sure that, in organization changes, or personnel changes, the dignity of the human is respected as our founder wanted it to be. Another function we perform takes place when a division or department needs to plan its objectives or its organization. It is our function to provide the occasion and the place (he pointed to his conference room) away from the press of their duties to clarify where they are going, why, with what people and which type of organization. The managers must sit down together in a permissive atmosphere and clear up their plans and organization problems. The executives must realize that their functions and departments are interrelated. And thus they will overlap, but they need each other's functions. So we bring them here and stimulate them to think through these problems. We can't really solve their problems. We can point the direction perhaps, but that's all. The main function of this department is to create the conditions to effectively weld the people and the organization so that Tractem can continue to prosper and the people who make up Tractem can feel stimulated and satisfied working here.

Thomas repeatedly discussed his personal philosophy of organization. It appeared to influence the performance of the function at Tractem. As Thomas stated it:

[T-3] From my college days, my mission in life has been clear. I saw early in the game that you need human relations to get along. But personnel and human relations activities were not popular. I met so many guys in it that were crushed by the accountants and production engineers who were riding high. And personnel was loaded with meaningless duties and forms. I risked

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my job a number of times to get my ideas across and proved that it worked. My responsibility areas had the highest safety and productivity records when the human relationships were good. I was also very much influenced by Mason Haire, Rensis Likert, and Douglas McGregor at the Aspen Conference in 1958, and we redoubled our effort to do our job. In each of my jobs over the years, it's always the same theme: how can we make the organization structure and people work together to get the job done? How do we get the talent and capabilities selected, developed and accepting change? We must blend the structure and people together to achieve the objectives of the business.

An examination of the corporate policies about organization development confirmed the mission at Tractem.

The policies said:

[T-4] The objectives of the department of organization development are as follows:

- (1) Organization development will be concerned with implementing the best organization for Tractem.
- (2) The department can implement # (1) by having adequate organization controls, in the forms of organization charts, manuals, cost comparisons, and files. These will specify the nature of responsibility and authority of each level, and how various departments of the organization are related.
- (3) The department can implement # (1) by being concerned with management organization: creating policies relating to management's definition of positions and working relationships; helping management with long range organization studies on organization problems submitted by customers, licenses, or divisions; and insure maximum collaboration of all functions and services which can contribute to the solution of the problem.

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- (4) The department can implement # (1) by creating a managerial resource program to insure managerial replacement, and development, promote inter-function and inter-division assignments.
- (5) Collaborate with Personnel Relations to see that their recruiting efforts parallel the needs of the company; create development programs for the individuals such that they are prepared for future management assignments.

This department pursues a grand strategy mission.

Its focus is the corporation. [T-1] discusses the meeting with top management to create the department. It also discusses corporate structural changes. [T-2] discusses the presentation of corporate values in organization changes. The Policy Manuel indicated [T-4) that the department serves the whole corporation.

Secondly, the department utilizes both structural and human approaches. In [T-1], [T-2], and [T-4], the two approaches are always linked to the solution of organization problems.

Comparisons of the Missions of the Departments

Hypothesis 1 and the corollaries presented three mission models. As is true with most models, the characteristics describe ideal types. Remco, Assembler, Extram, and Outlet seem to fit the categories rather closely. Manfex,

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Coman, and Tractem, by not emphasizing the technological approach, are less than perfect models of grand strategy, but more than strategy missions. Perhaps, the missions can be viewed as part of two continua of the two requirements.

Focus of Attention

<u>Corporate</u>	<u>Unit</u>
Coman	
Extram	
Marfex	
Outlet	Remco
Tractem	
Assembler	
Mission: Grand Strategy and Strategy	Tactics

Approaches Used

<u>Structural</u> <u>Human</u> <u>Technological</u>	<u>Structural</u> <u>Human</u> Marfex	<u>Structural</u> <u>Only</u>
Extram	Coman	Remco
Outlet	Tractem	Assembler
Grand Strategy		Strategy Tactics

Since Coman, Manfex, and Tractem more closely approximate the grand strategy than any other, they shall be so classified.

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Finally, what bearing, if any, has the mission statements and evolution, on the degree of effectiveness predicted in Hypothesis II? These provide clues to future chapters when the activities, interaction, influence and accomplishments are described.

At Remco, the department had a tactical mission. It apparently did not consider expanding the mission to strategy or had not been successful in doing so. In any case, his mission still was the original one and, as will be seen later, he had little or no influence on the firm's policies. In fact, Ronald was leaving the firm.

Arnold and his department at Assembler had not changed the mission. They had not even attempted to change it informally, by linking their efforts with those of the departments utilizing the human and technological approaches. As a result, the department had not been given broader responsibilities and in fact, had lost its interaction and influence with the President (See Chapters IV and V).

So in a negative sense, when the department did not use the human or technological approaches, it did not expand its area of responsibility and thus potential influence.

On the other hand, Edward took the two separate functions of organization planning and management development and

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joined them to form an integrated approach to organization development. It was now able to attract the attention of top management. Thus, Edward and his department were soon involved in the change of organization structure and work environment. The addition of the human and technological to the structural approaches changed a function which was performing almost meaningless and certainly uninfluential activities to one of significant potential to influence management policies.

Charles took a set of uninfluential personnel activities and transformed them into a total philosophy of organization development. He effectively joined the structural and human approaches. It was not long before he was reorganizing the office of the President itself (see Chapter ^{IV}V).

Matthew added structural approach to the human and soon was dictating to line Vice-Presidents the structure and environment they would use.

Otto began with structural studies and added human and technological approaches. He increased his degree of interaction with the Chairman to direct reporting relationship and soon was deciding questions that affected allocation of resources, creativity, and company decision making methods.

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Thomas began with the human approaches and added the structural. Soon he too was reporting (informally) to the President and affecting the organization structure and environment of the firm.

Therefore, the statements of history and evolution of mission give indications that the closer a department approximates the grand strategy mission, the more effective it is. But later chapters of this thesis will discuss this at greater length.

This chapter has presented the statements of mission of each of the departments. On the basis of these statements, the departments were classified as pursuing grand strategy, strategy or tactical missions. Chapter III will present the data about activity patterns of the departments. This will present an opportunity for further examination of the hypotheses.

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CHAPTER III

THE ACTIVITIES PERFORMED BY DEPARTMENTS OF ORGANIZATION DEVELOPMENT

This chapter presents the data on the activities performed by the departments of organization studied. It will present the data from observations, documents, and interviews that concern the activities performed. The interview data for this section was derived primarily from the responses to the following questions of the interview schedules:

Schedule 1: 5(D); 9(B); 12; 13; 14; 15; 16; 17; 19;

Schedule 2: A; E(1);

Schedule 3: AA; DD; ⁵¹

Corollary 1 of Hypothesis I posited that a department with a grand strategy mission would perform structural, technological, and human activities. It also predicted that only structural activities would be performed by tactical and strategic mission departments. From the literature on

⁵¹These schedules are contained in Appendix B.

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organization departments, a list of the most probable activities was prepared. These activities were classified as structural, technological, and human. They were coded for ease of reference.⁵²

Chapter III then will contain the data on the activities, a summary of the activities most frequently performed, and a comparison of the activities of each department to the conditions hypothesized in Corollary 1.

Data on The Activities Performed by Departments of Organization Development

Remco

In Chapter II, Remco was classified as pursuing a tactical mission. In his earlier statements, Ronald described some activities he performed. In [R-1], Ronald presented examples of organization charts he had made of the plants. He also had described several structural activities he performed. Later, he described his activities in more detail. But he first placed the activities in perspective.

⁵²A list of the coded activities is given in Appendix C.

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[R-3] Remco's biggest problem has been that, prior to a few years ago, it had no control over activities at the plant level. The President created a corporate staff for this purpose and to generate new ideas for the company. The trouble is, we were a line company so long that many executives don't use the staff. After I arrived, the President continued to make many acquisitions. In fact, that's where the growth was coming from. He decided which personnel of the older companies Remco would keep. Well, my job has been to do organization studies of the plants of our firm. Generally, these studies have been two-to three-day reviews of the organization structure and efficiency of the plants we acquired and longer studies of our main product plants. . .

But later he described his activities specifically.

[R-4] When I make these short studies, my emphasis varies. For example, after I looked at _____ division, I suggested that we consolidate their facilities into one plant. Later, I was called back; they had been functionally organized for two to three years. So I suggested they increase the marketing and research and development sections. They are beginning to set up line regional managers as I suggested because their present organization had overlapping coverage. I recommended that they have only one department of advertising to cut the overlap in this area. . .

The problem is not always that there is costly overlap. At _____ plant, they were over-specialized--too much functionalization in the processes and layout. . .

Ronald was asked for a typical example of his work.

He described it as follows:

[R-5] Recently, I was requested to do a study of the _____ plant because it was not profitable. I went there (Ronald starts talking from the organization charts he had shown earlier) and performed studies

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of each position and job in the plant--the job, and an evaluation of span of control, grouping of work, time and motion study, and all the normal organization analyses. Well, the results were that I reduced the staff from 173 to 135. . .

Look at these charts. Notice that the products are now numbered for easy reference.' Notice that I am not limited to one method of structuring. I used product organization for 460, 366, 271, Artisan Machine, Low Volume Span, and Low Volume Machines. Still there was need for a process department for there were efficiencies in this approach, so I used it.

In the process of his descriptions of his activities, he mentioned or implied that he performed the following activities:

- SI-1 Write job descriptions;
- SI-2 Perform job evaluation;
- SI-3* Develop position and organization controls;
- SI-5 Study the allocation of authority and responsibility to executives;
- SD-1 Help write and analyze goals and objectives of the unit;
- SD-2 Draw exact and up-to-date organization charts;
- SD-3 Analyze units for logical grouping of jobs;
- SD-4* Analyze physical workflow to determine more efficient organization;
- SD-6 Perform work simplification measurement studies.

* Items designated by this symbol were emphasized frequently.

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Remco's department has a tactical mission. It performs only structural activities and at the unit level. This confirms our classification of Chapter II.

Assembler

At Assembler, the statements in Chapter II already disclosed the focus of the activity as corporate. The specific division of labor was described by Arnold as:

[A-8] In our day-to-day activities, each man has line and staff activities assigned to him from the divisions. We then work with the organization representative at divisional level and he does the detailed work.

Arnold has already given some indication of his work. [A-2] ". . . we help them (executives) set up organization controls, delegation of authority, executive responsibilities, proper decision levels. . ." [A-3] ". . . We meet with top executives frequently to review . . . organization plans . . . checking decisions. . . organization changes"

The Corporate Policy Manuel [A-6] and Arthur [A-7] disclosed some of the structural activities performed by the department. Arnold and Arthur described these activities at other times in the interview. Arnold kept returning to the control and coordination function of his department.

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[A-9] I meet frequently with the Executive Committee when they review and approve the plans of the divisions, appraise and decide that the decision areas are not reserved by a higher level of management, and listen for new developments. Many of our assignments are given to us by this committee, such as to undertake organization studies of sets of divisions, or corporate staff groups.

Some of our time is used to review all organization changes of a significant nature. Many times we receive requests for assistance and guidance from the divisions.

When top management is considering a plan, they ask us for a report of the long run organization implications of this (projected size of the corporation, the nature of the business, the number and types of skills needed and its physical location).

And again:

[A-10] One of my biggest activities is to get top management to sing like a choir, not as soloists. We help them understand the interrelationships within the company and want optimum efficiency. This can mean five percent overlap but not much more. To expedite this, there needs to be division-to-division checks and balances and line and staff balances of authority. We make sure (through reviews) that in their planning process, such as the two-year, five-year plan of the entire business, that this conflict does not arise. As proposed plans go through the channels, each unit (including ourselves) send along a statement of concurrence or alternative recommendations. This is how the alternative plans develop.

When Arnold was asked for a breakdown of his time into activity groups, he replied:

[A-11] About sixty percent of the time, I am at the corporate level, doing corporate organization planning. These are projects involving corporate management and

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structure, projections of corporate organization growth and requirements and so on. Twenty-five percent of the time I pursue my division responsibilities (on their invitation or by my request). I serve as a communication source from the corporate level to division. Five percent of my time is used writing manuals and directives at the corporate level and five percent on internal education, such as speeches training in organization work. Finally, about five percent is in departmental administration.

The activities described by Arnold were confirmed by a list of the activities the department was responsible for according to the Corporate Policy Manual:

[A-12]

- (1) Establish organization policies for the corporation;
- (2) Maintain corporate organization charts;
- (3) Establish procedures for the formal planning process of the corporation;
- (4) Write policies for line and staff relationships, delegation of authority and responsibility and levels of authority in which decisions would be made;
- (5) Examine division manuals to maintain conformity with corporate level;
- (6) Establish and control uniform nomenclature of position titles and acceptable organization styles;
- (7) Maintain corporate policy manual for each function and staff;
- (8) Maintain corporate organization directory, including job descriptions and reporting relationships.

Arthur has no administrative duties to perform. His description of activities describes clearly what activities the department performs:

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[A-13] Each member has a division or subsidiary as a client and we work with our organization specialists there. I do service work and maintain the corporate organization manual and directory and check the position titles. For example, I must check that above a certain level, the right title is given so that it gives the right information and refers to the proper status level . . . I also perform three types of organization studies:

- (1) Every four or five years, there is a major task force study. The executives from the divisions work on the possibility of new structure. The last one was in 1958. This year (1965), we reorganized the engineering and manufacturing aspects of our business.
- (2) Special Studies: In a division, an internal reorganization may be going on. The division management may request our help or top management may request that we study a division's effectiveness, or a particular function throughout the corporation.
- (3) Individual studies of departments.

The department of organization development at Assembler performed the following activities: (emphasizing those with asterisk).

- SD-1 Analyze goals and objectives of divisions.
- SD-2 Draw exact and up-to-date organization charts.
- SD-3 Analyze divisions to ascertain logical grouping of jobs.
- SF-1* Write corporate organization manuals and develop procedures.
- SF-2* Develop corporate policy manuals.
- SF-3* Appraise organization titles and nomenclatures.

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- SF-4 Teach techniques of structural analysis.
- SF-6 Propose structural reorganization.
- SF-7 Develop the ideal organization plan.
- SF-8* Review and approve all structural changes.
- SF-10* Perform organization audits to assure compliance.
- SF-13 Perform policy audits to assure compliance.

The activities of the department indicate that the structural approach was being used by the department and at the corporate level. This confirmed the classification of this department (in Chapter II) as a strategic mission department.

Coman

In Chapter II, Charles listed some of the activities performed by his department.

[C-3] Conceptual and Consultative Assistance in: Planning and Implementing Change; Building Effective Teams; Resolving Organizational Conflicts; Applying Motivational Knowledge; Linking Organizational Systems; Minimizing Communication Obstacles; Operating Within The Salary Program; Using Financial Incentives; Using Objectives Constructively.

Direct Department Services: Exempt Salary Program; Corporate Organization Charts; Exempt Personnel Inventory; Exempt Job Evaluation for the General Departments; Executive Development and Training Information; Outside Placement Consultation; Individual Relationship Consultation.

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When asked about emphasis and importance of each activity, Charles replied:

[C-5] To give you some idea of your emphases, I want to show you this. (Shows author yearly budget)

Detailed budgets have been submitted in accordance with instructions. The 1964-65 budget totaled \$269,700. This was reduced to \$258,200 by departmental action early in the year with actual expenditures for 1965 now forecast at \$250,000. Shown below is our internal distribution of costs for 1965.

<u>1965-66 Plan</u>				
	<u>%</u> <u>Time</u>	<u>Salaries</u> <u>and</u> <u>Related</u> <u>Costs</u>	<u>Other</u> <u>Costs</u>	<u>Total</u>
Compensation Services	25.0	\$ 46,450	\$18,250	\$64,700
Exempt Personnel Services	20.0	37,160	14,600	51,760
Organizational Services	45.0	83,610	32,850	116,460
Research and Development	<u>10.0</u>	<u>18,580</u>	<u>7,300</u>	<u>25,880</u>
	\$100.0	\$185,800	\$73,000	\$258,800

Later, Charles was asked how the department operated.

He described it as follows:

[C-6] Organization development works from a group base with high individual responsibility. In general organizational development work, each consultant is responsible for developing his own clientele and for

calling on other members of the group for advice and assistance as needed. In each of the more formal areas of responsibility, such as salary administration, exempt personnel inventory, organization chart maintenance, liaison with university executive development programs and outside placement of displaced personnel, prime accountability is assumed by one member of the department. Each member is expected to become familiar enough with all specialties to be useful as an assistant to another member when needed.

The department uses itself as a laboratory for methods of improving productivity in staff areas. A case in point is the area of salary administration. In 1959, this activity at the Corporate level required the full-time services of three exempt people, a non-exempt statistician and two stenographers. By 1963, a more effective activity required the full-time services of two exempt personnel and a secretary who doubled in statistical work. With the transfer in September, 1964, of Mr. _____ to the _____ Division, the activity now requires the full-time services of one exempt person and one secretary. This is not, however, just a case of one or two people doing more and more work. For example, during August, September and October, under the department's concept of organizational effectiveness, an intensive short-range program was undertaken to update and improve the skills of all exempt members of the department in the specifics of salary administration in order that the man with prime accountability, Mr. _____ could draw parttime help as needed from other members of the group.

Finally, Charles discussed how they planned to improve the performance of their activities in the next year. This conveys some idea of the activities performed by the department.

[C-7] We will, of course, continue our involvement in current projects and be available for consultation, assistance and service in the same areas as the past. See [C-3]

Under certain conditions, we will assume the initiative for feedback on the operation of administrative systems to those responsible for initiating or directing them. Such feedback will be initiated only when:

- a. The operation of the systems appears to be creating problems within the organization.
- b. The feedback will not violate a confidential relationship between members of the organization development department and other persons.
- c. The decision to feed-back will not violate a specific consulting relationship between ourselves and other organizations within Coman.

We don't assume that the offering of such feedback entitled the department to further involvement in the problem or its solution.

Since the first of the year, the Exempt Salary Program will have been in effect for three years. In spite of the general satisfaction expressed to Chester, in his survey of last year, some specific weaknesses in the system are apparent. As early as possible we will initiate discussions with the Salary Administrators, the Operating Committees, the staff officers of the Corporation and the President's Office aimed at resolving some of the known problems in the system. If resolution can be achieved, a new and more comprehensive set of guidelines will be issued.

We feel that our Exempt Personnel Inventory has proved itself to be of significant value as an aid to better use of the Corporation's key human resources. Now, the new Corporate Manpower Committee has indicated that if the costs are reasonable, the Committee will recommend to the Group Vice-Presidents that the program be installed throughout the Corporation. If the recommendation is accepted, we will devote a maximum effort to assisting the Divisions and Departments in completing the installation of the system. We will also undertake whatever training is needed in the writing of specifications for program retrieval.

The most important change of administrative systems in Coman during 1965 was the realignment of the organization covered in the President's memorandum recently. By late spring of this year, the new system should have been in effect long enough to permit an initial assessment of the change and its preliminary effects on the organization. The department proposes that the President's Office consider a study of these effects to begin sometime after the stockholders' meeting in April.

The emphasis at Coman has been to operate at the corporate level and consult with any divisions that requested its help. The department integrated the use of human and structural approaches as was seen in Chapter II, Chapter III, and in other statements by Charles. The activities emphasized were: (* = most emphasized)

- SD-2 Draw organization charts;
- SD-3 Analyze departments for grouping of jobs;
- SF-1 Write corporate organization manuals;
- SF-6 Propose structural reorganization;
- SF-15 Prepare wage and salary policies;
- HI-1* Offer counseling to transferees;
- HI-3 Train executives in human relations;
- HI-4 Provide interpersonal value training;
- HG-1* Laboratory seminars for team development;
- HG-2* Laboratory seminars for intergroup training;
- HG-3* Laboratory seminars for group goal setting;
- HG-5 Give training in interpersonal relations.

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From this analysis of the activities performed by the department at Coman, it appears that the structural and human approaches were used and integrated in addressing organization problems from the corporate level. The department used various services and activities to integrate structural and human approaches and activities. This confirms the classification of the department as pursuing a grand strategy mission.

Extram

The data from Chapter II already has indicated some of the activities performed at Extram. Edward described performing structural organization studies [E-3, E-4]. Also described was some human and technological activities, especially training in group and interpersonal seminars, and computer applications to decision making. It is felt that some further amplification of these data would be useful.

Edward summarized his activities and discussed how his activities had varied in the last few years.

[E-10] After the President decided to go ahead with a reorganization, much of my time was taken up by the major organization study of the firm. (Edward at this point showed the author the seventy page report of recommended structural, personnel, and environmental changes he recommended and which were being implemented

at that time). Basically, we implemented this by making everyone a manager. We trained everyone in these skills and thereby reduced the number of hierarchical levels and staff needed. In the process, we put most of the staff at the divisions, including one-half of my own staff.

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My emphasis has varied with the needs of the situation. When I was first in this department, the then President preferred to make organization changes at the top, so our emphasis was management development and organization studies at the middle and lower management. When he retired, the organization structure needed so much attention that I spent one hundred percent of my time on organization studies and liaison with the Management Consultants. Then I spent most of the time on the management seminars. This phase is about over. Our biggest emphasis now will be consultation to implement the change--we will apply what we have taught. We will not let organization studies go dormant. We get as many requests for organization studies as we do for management development work. It is all part of the total management process. We may add career development to our functions.

We know, from our experience, that the new managing and organization knowledges can be taught in relatively brief seminar periods. We also know (to our regret) that it takes infinitely longer for the line manager to apply the knowledge he learns in the seminar opportunity. Therefore, I predict that we will spend infinitely more time in "helping managers to manage" than have spent in conducting the learning opportunities.

Statements from department members give further confirmation of the activities at Extram. Edwina, for example, said:

[E-11] My activities have concentrated on management audits, organization studies, and giving seminars on management. My emphasis varies. At present, I am

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spending thirty percent of my time on organization studies and seventy percent on the time in management seminars. In fiscal 1965, I did mostly teaching (--say fifty percent). I spent twenty-five percent on organization studies, ten percent in consulting with the divisions, the rest in research. Next year, the emphasis will be on consultation so that we can implement what we have taught.

We ought to distinguish the emphasis of Edward from the rest of us. The last two years, he spent almost the whole year with the President and the consulting firm to reorganize the company. He has since spent much of his time auditing this practice and little time in seminars. That's why Edmund and Endicott were brought in, to do much of the routine work. Edward too will now emphasize consulting and research.

Several of Edwina's organization studies were examined and she integrated the structural and human approaches.

Esmund described his activities as follows:

[E-12] This year I have spent seventy-five percent of my time running seminars in order to train our managers in the philosophy of organization and management we have been using. The rest of the time was spent in organization studies. Next year, I expect more emphasis on consulting with our clients to help implement the organization change we just made.

And Endicott said:

[E-13] I have been spending all of my time consulting with the plant manager of the largest plant for the firm. I live with the plant manager, attend his meetings, help make up the superintendent's objectives to implement the change. I issue newsletters to the men outlining agenda for specific group planning in the areas of service, quality, and cost targets. The resource objectives in terms of manpower and materials are also in this outline tied in with organization change suggestions.

Each manager and employee has some part in one of these meetings and a place is created for him to contribute. Finally, the objectives chosen are recorded on a form and circulated for comment.

The department submits a report of the number of work days it spent for each division. The divisions were billed for this. This also enabled the department to get a good estimate of the emphasis of its activities.

This was examined and it confirmed the statements given. The data presented here and other statements indicate that the activities performed and emphasized (*) at Extram were:

- SD-1 Analyze goals and objectives of divisions;
- SD-2 Drawing organization charts;
- SF-1 Writing corporate organization manuals;
- SF-2 Develop corporate policy manuals;
- SF-4* Teaching techniques of structural analysis;
- SF-8* Review and approve organization changes;
- SF-14 Prepare executive replacement policies;
- SF-15 Prepare selective merit rating and wage and salary policies for executives;
- TA Analyze and improve organization information system;
- TB* Training executives in use of better decision tools;
- HI-1 Individual counseling for transferees;
- HI-3 Train executives in human relations;
- HG-1* Laboratory seminars for team development;

- HG-2* Laboratory seminars for intergroup training;
- HG-3* Laboratory training for goal setting;
- HG-4* Group meetings to stimulate organization change;
- HG-5* Other interpersonal relations training.

The activities performed reinforced the conclusion of Chapter II that Extram was utilizing the structural, human, and technological approaches at corporate and other levels. Thus, again, it appears Extram pursues a grand strategy mission.

Manfex

When Matthew discussed the mission of the department, he gave some examples of his activities. Matthew described [M-3] his methods of structural change in general and the advertising department change in particular. He described the integration of the structural and human approaches [in M-4] when he spoke of complementary structures. An illustration of a human activity was also given when he described his attempt to make the new division manager more acceptable.

Later in the interview, Matthew described a very important activity for his department, organization studies. The first stage is investigation of the division or function in question.

[M-8] I usually make tours of the divisions when I do my organization analyses. I also check with the NICB to see who else has the problems and get in touch with them. I also supplement my staff with consultants to do the detailed lower level work.

After a thorough study of the situation, Matthew plans the organization change.

[M-9] In my planning, I do make up a lot of charts to reorganize a portion of the business if we are moving functions. It's not just moving people. I start with the function and see where it fits into the overall picture of the company. Then I prepare a dozen plans. Then I choose the best one, put the people in it (considering what kind of people they need). I check the salary administrative aspects, job evaluation aspects, and training aspects. In a way, I manage the careers of these men above a certain level until they retire.

Matthew integrates a number of activities into his organization development plan:

[M-10] To get the job done, our organization work may well include: wage and salary administration, job evaluation, some recruiting and training. We send most of the training work out. I want only four men in my section. So we contract out such things as sensitivity training, and other types of activities that get the guy out of his environment and try to improve his working with people. We use National Training Lab, Kepner and Blake. We do all we can to change their attitudes to tolerance and understanding of people.

Matthew described several strategies he used to expedite his plans.

[M-11] One strategy I use in organization work is to use a "sacrificial lamb" to get a change. You take _____ division. We got tired of no change and no growth. So we transferred _____ (from an unrelated division) because he had guts. He shook the division up and we heard no more of "Look, I have run that division for _____ years and it can't be done."

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In another case, we felt we had a problem in finance. The Vice-President was not doing the job so we retired him. But, we didn't want to discourage his subordinates who are in their mid forties but not quite ripe yet. So I found a man who was 59. When he retires, they'll be ready.

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Many times I move a general manager from one division to another. I'll let him take some of his people from the other division. I will leave that division alone for at least a year. This way, we get a high percentage of the desired change even when they are opposed.

Finally, Matthew is called upon to perform special projects such as the following:

[M-12] One recent example of the type of special projects I get was that the government wanted us to reopen a war plant for Viet Nam. All I had there was sixty maintenance men. I had three months to get it going with fifty-nine hundred workers and two thousand technicians. Another example of a project was when we took over a General Electric plant to convert it to war production. We had large organization problems in the "start up" phase of that one.

Confirmation of Matthew's activities and power to perform them was found in the corporate policy manual.

First of all, Matthew's ability to control top executive promotions was found in Policy Number 31 and 32.

[M-13] "Policy Number 31: Approval of Employment of New or Former Employee." With a management position with job point values of 191-255, no executive may hire a manager without prior endorsement of the Operating Policy Committee to whom the General Manager reports and the endorsement of the Director of Organization Development. If the position is valued at 256 points and higher, this position is approved by Director of Organization Development and the President.

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"Policy Number 32: Steps for Approval of Executive:" (1) Management functional analysis form and appropriate job evaluation must be acquired from Organization Development Department; (2) The total points for the job evaluation is specified by the Organization Development Department; (3) Specify the placement location requested; (4) The Director of Organization will furnish a salary range for position and proposed hiring rate; (5) Give the names of two executives in the company, regardless of their position or location, who most closely approximate the qualifications desired for this position. Forward these to Organization Development Department . . .

The department's activities in organization change was confirmed in Policy No. 33.

[M-14] "Policy No. 33." An up-to-date organization chart manual will assist the manager in his day-to-day conduct of his business by clarifying lines of responsibility and authority and give specific names of personnel. Charts will be kept up-to-date. There will be two kinds of changes which will occur: (1) If a change of incumbents is desired in existing function, request will be made to Organization Development Department and General Manager; (2) Final authority for approval of all functional changes rest with the

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President and Director of Organization Development. The Organization Development Department will issue statements of all organization charts after approval of all changes.

The activities which the department at Manfex performed (most emphasized - *) were:

- SD-1 Analyze goals and objectives of divisions;
- SD-2 Drawing up-to-date organization charts;
- SD-3* Analysis for logical grouping of jobs;
- SF-1 Maintaining corporate organization manuals and procedures;
- SF-2 Developing corporate policy manuals;
- SF-6* Proposing structural reorganizations;
- SF-7 Developing the ideal organization structure;
- SF-8* Reviewing all structural changes;
- SF-10 Performing organization surveys and audits;
- SF-11* Developing personnel and structural changes to prevent the development of vested interests;
- SF-14* Prepare policies for executive replacement and development;
- SF-15* Prepare policies for executive rating and salary administration;
- HG-1* Laboratory seminar training for group development;
- HG-2* Laboratory seminars for intergroup training;
- HG-5* Training in interpersonal relations.

The mix of human and structural activities at corporate level reinforces the previous conclusion that Manfex pursues a grand strategy mission.

Outlet

Otto described some of the activities performed in his department in Chapter II. He discussed organization studies, planning activities, and development of executives [O-2]. The director amplified his earlier comments about the department's activities later in the interview. The department continues to perform organization studies, of course. But some of these attempt to deal with broader questions now. as Otto says:

[O-4] Of course, a major amount of our time is still spent with organization studies. But now, we study much more complex questions, such as: Are we making merchandising decisions the way we ought to? And, is the budget process affecting creativity in our firm? What organization climate fosters innovations and creativity the most?

A second activity we are now concerned with is communications. We feel that this has organizational implications. The Personnel department was supposed to handle this. Typical of their solutions was their suggestion: create a division of communications in the Personnel department. This problem is to be studied objectively before we decide what is needed. We are doing a study of the quality and usefulness of our present system of communications.

A third activity we are now entering is the maintenance of adequate executive inventory here at Outlet. Again we are doing this because Personnel did not do its job in this area either.

Otto had discussed earlier (Chapter II) his role as a devil's advocate and internal management consultant. He gave an illustration of this activity.

[0-5] Someone in every company must attempt to judge activities on their merit to the company, not just their division. When we were talking before, I called this role "devil's advocate". That phone call I just finished involved telling our discount division what our management had decided to do with their request to set up their own warehousing operation. Here is the report I gave management. Management concurred. The division wanted its own warehouse and they sent a proposal including the people and organization structure for it. But they are not experts in warehousing, no matter how expert they are in merchandising. Here at the parent company we are. Some of their store managers would have run the warehouse. I showed management that they weren't trained to do this, and it would duplicate what we had. This is typical of the special services we provide for management. I also watch that functions which are not being performed by the company and are needed get some attention. This is what a consultant would do and what I feel this department ought to be doing.

Another activity performed by the department is the integration of corporate policy. This is not a mechanical task of writing manuals. Rather it is a creative endeavor to assure consistency, unity and most of all, continuity of the cultural norms at Outlet. Otto described it as follows:

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[O-6] I don't want to write policy physically or be a job analyst. But I am a catalyst to policy coordination for the divisions. Some departments present some suggestions that may change the whole nature of the business. I must analyze this and make suggestions on what to do in these circumstances to maintain the best climate of unity in our firm. . .

Our quality image remains intact at Outlet. We carefully guard this on the eighteenth floor because it is part of the total set of values which we stand for. We believe our values are unmatched anywhere in quality. But perhaps even more importantly, we feel that the esprit de corps of our employees is unmatched in the retailing industry. We've always felt that they work with us, not for us. I think we have reason to be proud of our tradition of interrelationships with them. They are our major strength and we are willing to reward them accordingly. Because we felt this is so, one of my major projects now is this. As we revise our policies to bring them up-to-date, we must always keep this tradition in mind before any changes are made.

Otto described the way his work was allocated. He produced the report the department submits to management of the use of time and said:

[O-7] So, as you see here (in the report) I meet monthly with the top executives to participate in the planning process for the semi-annual, annual and five-year plans and see how we can help. Some other portion of my time is spent in administering the department. I spend thirty-five percent of my time doing organization studies for departments that I have always handled myself. The other fifty percent of my time is spent in performing projects for top management. Presently, there are two I am concentrating on: the creativity project; and the revision of the policy manual (it is a five-foot shelf of manuals.)

The activities performed by the department at Outlet are as follows: (* = most emphasized)

- SD-1* Analysis of goals and objectives of divisions;
- SD-2 Organization charts for divisions;
- SD-3 Analysis of grouping of jobs of divisions;
- SD-5* Inventories of executive manpower;
- SF-1 Write corporate organization manuals;
- SF-2* Develop corporate policy manuals;
- SF-5* Analysis of communication flow;
- SF-6 Propose structural reorganization;
- SF-8* Review all structural changes;
- SF-10* Perform organization surveys and audits;
- SF-14* Prepare executive replacement and development policies;
- TA* Analyze organization information system;
- HG-1 Seminar training for team development;
- HG-3* Seminars for organizational goal setting;
- HG-5* Training in interpersonal relations.

The activities performed at Outlet include structural, technological, and human activities. Thus, Outlet is again classified as pursuing a grand strategy mission.

Tractem

Thomas already described some of the activities he performed at Tractem. He discussed organization studies and changes [T-1, T-2], changing of attitudes and people [T-2]. The corporate policy manual described many activities too [T-4]. Thomas said that he spent most of his time with the President and Vice President on organization studies and changes. He described the rest of the departmental activities by defining the duties of each departmental member.

[T-5] First, we have Theodore who is an organization analyst in charge of organization controls. He does the following: Prepares and issues organization charts; maintains up-to-date organization manuals; maintains up-to-date management listings; maintains management organization cost comparisons; maintains memorandums of planned organization changes. He also maintains organization files: current and historic charts and guides, other company arrangements, etc.; prepares initial drafts of organization change announcements; compiles special analyses from the above materials.

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The next member is Tonto. He is the manager of our management organization section. His duties include: to establish uniform company-wide policies, practices and controls relating to management; to maintain organization charts and manuals; to maintain position guides and descriptions. Tonto checks additions and cost controls; nomenclature and titles. He also issues change announcements and listings; works with executive management in preparing for, conducting or coordinating current and long-range studies on specific organization problems within any function or division. Tonto also insures that each study results in appropriate executive

review and decision. He studies and prepares analyses and recommendations on organization problems submitted by: customers; licensees, technical aid companies. Tonto establishes professional procedures for making management analyses and insures maximum collaboration with all functions and services which can contribute to the solution of the problem.

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Ted is an organization analyst responsible for the appraisals and resources files. He processes and maintains current data records, appraisals, inventory charts and reviews notes on all exempt and potential management and key professional people. Ted processes and maintains the management skills inventory and prepares materials for reviews. He keeps notes during reviews as directed and assists in compiling talent listings, special resources analyses, reports and chartings.

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The next man is Tibbals and he is the manager of our managerial resources area. His duties include: establishing and conducting a coordinated company-wide managerial resources program including: data records and appraisals, management inventory charts. Tibbals reviews the management skills inventory and works with executive management to insure that managerial replacement talent is identified and in adequate supply and that replacement plans are brought to decision. Tibbals compiles talent listings and selection criteria to insure all candidates are considered as selection decisions are made. He promotes inter-function and inter-division assignments and transfers and collaborate with Personnel Relations to insure that: college recruiting is aligned with the present and future managerial needs of Tractem. Individual development plans are prepared for identified managerial talent needs; training programs are developed to communicate Tractem's managerial resources programs. Persons are assigned at each location to give attention to managerial resources programs, objectives and schedules.

.

Our other four members, Thompson, Talcott, Testor, and Tile are organization specialists who do projects for four divisions and their duties include: to conduct or participate in management analyses requiring extensive investigation and specific proposal for improvement. They keep thoroughly acquainted with past and present organizations of the assigned business functions so as to: advise their functional client, flag inconsistencies and potential problems, attain cost savings, analyze and spot proposals, correlate with salary evaluations. They keep informed of organization experiences and trends of other companies within their assigned business functions and perform special analyses relating to general organization planning, management organization or managerial resources as assigned.

Finally, Thomas stressed the importance of preserving the company traditions as part of his duties at Tractem. Copies of these policies and traditions were provided the author. Thomas explained how he assured that policy changes in the organization and management area did not violate these norms.

The activities performed and emphasized (*) at Tractem are:

- SD-1* Analyze divisional goals and objectives;
- SD-2* Draw up-to-date organization charts;
- SD-3 Analyze jobs for logical grouping;
- SD-4* Management inventories prepared;
- SF-1 Preparation of corporate organization manuals;
- SF-2 Preparation of corporate policy manuals;

- SF-4 Teach techniques of structural analysis;
- SF-6* Propose structural reorganization;
- SF-8* Review all organization changes;
- SF-10* Perform organization studies and audits;
- HG-1* Seminar training for team development;
- HG-2 Seminar training for intergroup development;
- HG-3 Seminar training for organization goal setting; and
- HG-5 Seminar training for interpersonal relations.

Since human and structural activities are performed, it is concluded again that Tractem's department pursues a grand strategy mission.

Comparisons and Conclusions About the Activities of the Departments

The conclusions stated in Chapter II were found to be reinforced by the findings in Chapter III. Hypothesis 1 predicted that grand strategy departments worked at the total firm level and utilized more than the structural approach. It was found that the activities performed by departments with missions of grand strategy varied in their emphasis because of the requirements of the individual firm.

For example, Manfex's management felt the firm had lost control when it "over-decentralized." Therefore, the

department stressed structural controls. Just the opposite was found at Coman and Extram. Their management felt that they had held the reins of control too closely. They wanted to allow more freedom. Since this was so, the emphasis of activities varied as follows:

Remco	:	1 Structural
Assembler:		1 Structural
Coman	:	1 Human; 2 Structural
Extram	:	1 Human; 2 Structural; 3 Technological
Manfex	:	1 Structural; 2 Human
Outlet	:	1 Structural; 2 Human; 3 Technological
Tractem	:	1 Structural; 2 Human

The technological approach appears to be just beginning to be used. It can be predicted that the grand strategy departments will put more emphasis on this in the future, as evidenced by Extram's steps so far; Tractem's past, present interest; and Coman's integration of the approach now.

In the case of Assembler, its department performed structural activities at the corporate level. Remco performed structural activities at the unit level, both as predicted since they were classified as strategic and tactical missions.

So, on the continua of the three missions, the activities corollary leads to the following:

Activities

<u>Grand Strategy</u>		<u>Strategy Tactics</u>
Extram Outlet	Coman Manfex Tractem	Assembler Remco
Structural Technological Human Activites	Structural Human Activities	Structural Activities

Again, several of the departments do not fit the models of missions exactly. Coman, Manfex, and Tractem did not perform technological activities. But they approximate the grand strategy mission more closely than they do the other two missions.

Based upon the frequency of mention by the interviewees, and the emphasis they said they gave the activities, the most frequent and emphasized activities by all departments were as follows (in this order):

- SF-10 Perform organization studies and audits;
- SF-8 Review and approve all structural changes;
- HG-5 Laboratory training for interpersonal relations;
- SD-1 Analyze the goals and objectives of divisions;
- SF-6 Propose structural reorganizations;
- SD-2 Draw exact and up-to-date organization charts.

- SD-3 Analyze divisions to ascertain if jobs are grouped logically;
- SF-1 Write corporate organization manuals;
- HG-2 Seminar training for inter-group development;
- HG-3 Laboratory seminar training for organizational goal setting;
- SF-14 Prepare policies for executive replacement and development;
- HG-1 Laboratory training for team development; and
- SF-2 Develop corporate policy manuals.

As was expected, since six of the seven departments operated at corporate level, most of their activities performed were at the firm or group levels, rather than individual levels.

This chapter has presented the data about the activities performed by the departments studied. Chapter IV will discuss the interactions of the department directors and members with others in the firm.

CHAPTER IV

THE INTERACTIONS OF DIRECTORS AND MEMBERS OF ORGANIZATION DEVELOPMENT DEPARTMENTS AND OTHERS IN THEIR FIRMS

This chapter presents the data on the interactions of the directors and members of the departments with others in the firm.

Bailey quoted several top managers on the importance of interaction with them by successful department directors.

Organization development is too important to the success of the company in the future to delegate it either too far from the President, or for it to be a subordinate or extracurricular activity. In a large multi-divisional company, it requires full-time attention for satisfactory results.

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The central organization planning [development] staff acts as a captive consulting function for all divisions of the corporation. With free license to study and analyze jobs, records, costs, future plans, and other factors, a thorough and systematic program can be carried on within the company. This group has an opportunity to identify, study, but not necessarily be bound by corporate traditions, customs, or particular political trends of the moment. Such a staff can

effectively operate only where its personnel are allowed free and open discussion with top management officials on any corporate problem.⁵³

Whether this interaction was deemed desirable or not, many (including the consultants interviewed⁵⁴) felt that the directors did not interact with top management.

There are many methods of recording interaction within an organization. Some of these methods are complex and comprehensive.⁵⁵ The interaction patterns reported in this thesis result from responses of the interviewees to the following questions of the interview schedule:

Schedule 1: 3, 4, 9, 10, 13(C), 15, 17, 19, 22, 23, 26(B), 27(B), 29.

Schedule 2: B, C, E(2), F, G(1).

Schedule 3: BB, GG, HH(1).

These data were confirmed in part by behavior observed during the interviews. Formal reporting relationships also give some indication of interaction. These will also be presented.

⁵³ Bailey, op. cit., pp. 100-101.

⁵⁴ See Appendix A.

⁵⁵ See especially: Robert Bales, Interaction Process Analysis (Cambridge: Addison Wesley Press, 1951); Elliot Chapple, "Measuring Human Relations," Genetic Psychological Monographs, XXII (1940), pp. 3-147; Paul Lawrence, The Changing of Organization Behavior Patterns, (Cambridge: Harvard University Press, 1958), Chapter 2.

Corollary II predicted the following interaction pattern:

<u>Directors</u>	<u>High</u>	<u>Moderate</u>	<u>Low</u>
Grand Strategy	Top Management	Middle Management	Lower Management
Strategy	Middle Management	Top Management	Lower Management
Tractis	Lower Management	Middle Management	Top Management

The chapter will present the data to determine the degree to which these patterns were found.

Data on the Interaction of Organization

Department Directors and Members with Others in the Firms

Remco

Ronald's interactions with others in the company have received some attention in earlier data. In [R-2] and others, Ronald indicated that all of his interactions took place at the plant level. His formal reporting relationship shows that he is two levels below the President (see Figure 1).

But this may or may not indicate frequent interactions with the President and top management. Ronald described his reporting relationship as follows:

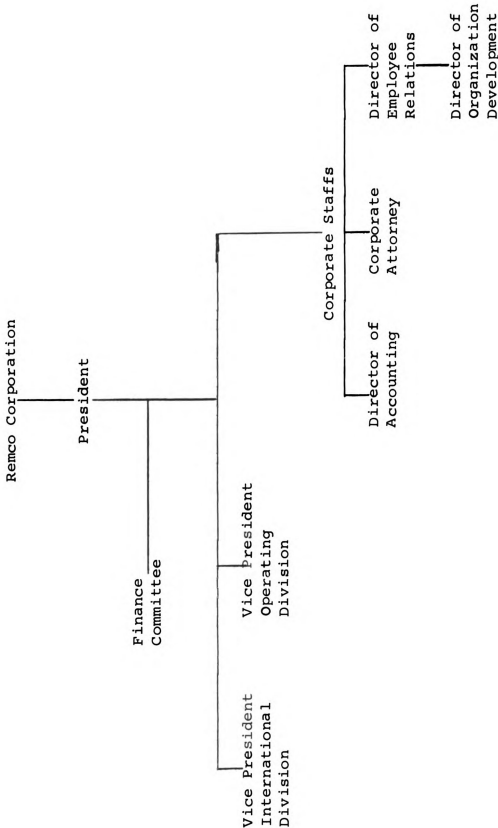


FIGURE 1

[R-6] I am a member of the Department of Employee Relations. There are only five of us in employee relations at the corporate level for a firm with over one hundred thousand employees. My area of responsibility is organization.

But Ronald was more specific in describing his interactions within the firm. He stressed again the problem of a staff executive influencing or interacting with top management.

[R-7] I report to _____ Director of Employee Relations. This has been a very strong line company. The President himself is a strong line man. They do not request assistance from the staff, including myself, at the top levels. I have never met the President. Once or twice, I sent an organization analysis of several of my plant studies to my boss. In one case, he sent it on to the President who, when he returned it to my boss had noted "Have read with interest and approval." Six words. That's all I've ever had from the President and that through my boss. As to top line executives, they never request help and I don't see them. When I do my work for the plants, the report is always written to that executive at the plant; if he wants to do something about it, the line executive takes it to his boss and gets his approval.

In fact, Ronald told the author that he did not "mix" with people outside his department. The receptionist on the floor of his office building stated: "Employee relations people stick pretty much to themselves." This receptionist had been employed in this position for seven years. There

were relatively few executives on this floor. She seemed to know most of them, but did not know Ronald.

Ronald's interactions within the firm are clear. They are high with lower management, nonexistent with top management, and small with middle management. This pattern fits the tactical mission and is consistent with earlier conclusions about Remco's department.

Assembler

Most of the data indicating interaction of the director and members at Assembler have already been given.

Earlier statements by Arnold indicated that he met frequently with top management [A-3, A-9] to help in the planning process. This statement was confirmed in the policy manuals [A-6].

In his discussion of the activities performed [A-10, A-11, A-12] Arnold said that he spent approximately sixty percent of his time with corporate level and top management. It was observed during the interview that Arnold was called to several Vice-Presidents' offices for consultation.

Arnold indicated that he spent approximately twenty-five percent of his time at the middle management level with his assigned divisions [A-12, A-13]. He spent little or no

time with lower management. The division level organization development people interacted with them.

A major indicator of interaction potential would seem to be the formal reporting relationship within the firm.

Arnold answered the question about this as follows:

[A-14] From 1956 to 1964, I reported directly to the President. Since then, the President felt he had too many people reporting directly to him, and so he created the position: Vice-President and Group Executive--Corporate Staff. I now report to this individual.

This relationship was confirmed by the following organization chart from the corporate organization manual (see Figure 2).

The departmental members interacted highly with middle management. Arthur's statements [A-7, A-13] indicated this and confirmed Arnold's comments [A-16]. The departmental members spent more of their time at divisional level. Little or no time was spent at lower management levels since there were division-level organization specialists whose function it was to perform these activities.

These statements were internally consistent and the Corporate Policy Manual indicated that this was the proper emphasis.

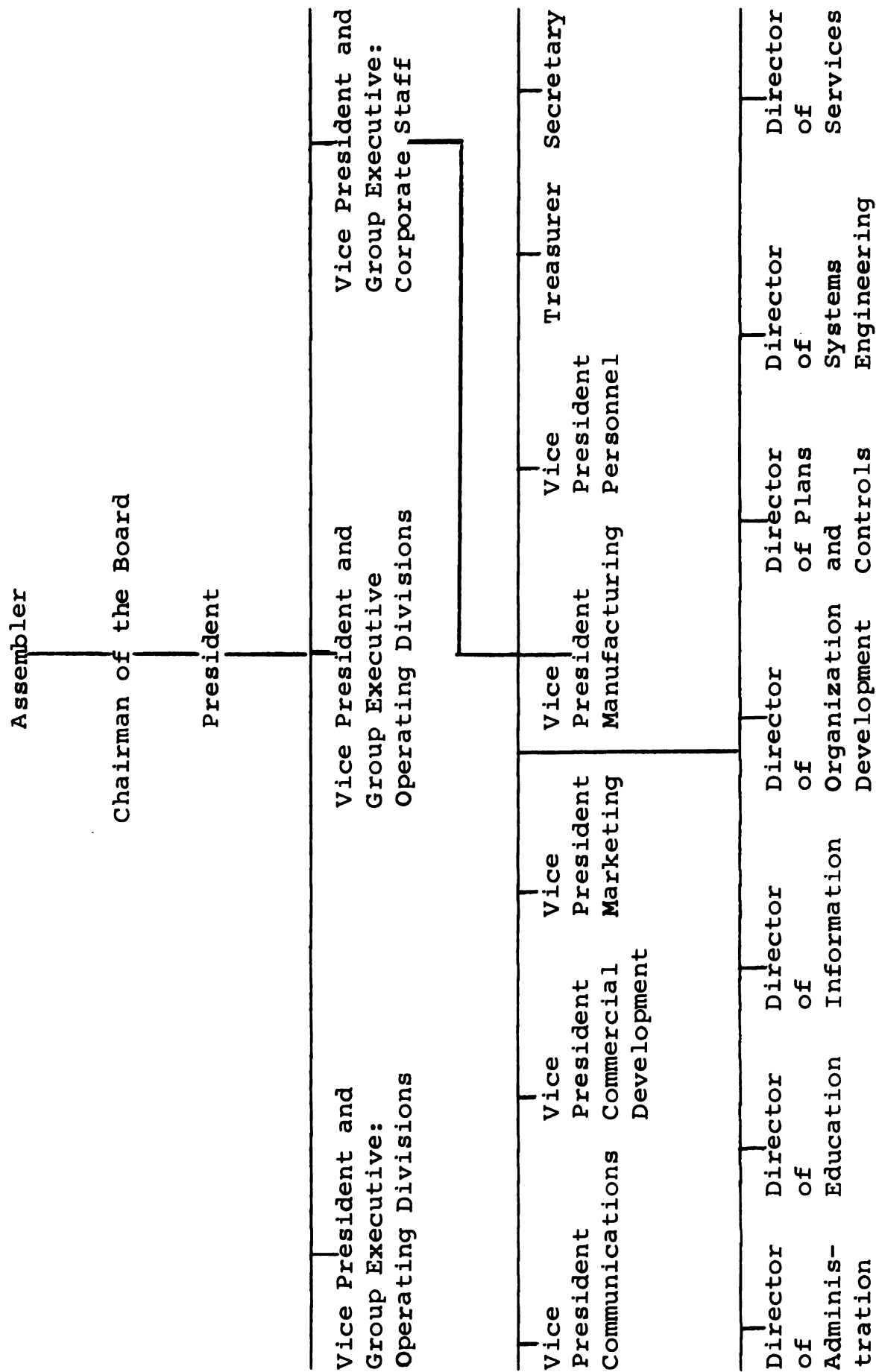


FIGURE 2

The prediction for a strategic mission was that most of the interaction would take place at middle management (which was true of the members); little interaction would take place with lower management (which was true of members and the director); and moderate interaction with top management (which was true of the members). Arnold, however, spent more time with top management than was predicted to be so. Thus, the department generally fits the strategic mission pattern, but with relatively high interaction of the director with top management. This apparently had declined from an earlier period when he reported to the President directly, however.

Coman

Earlier data given on the department at Coman indicated wide interaction with the firm's members. Initially, they interacted at middle management level [C-2, C-3, C-4]. As the department's services became more widely known, greater interaction took place between the director and top management. One indication of this comes from the formal reporting relationship. Charles described it as follows:

[C-8] From 1959 until recently, I reported to the Vice-President--Industrial Relations.

As you probably know, the Vice-President of Industrial Relations was made President of our company several years ago. We had always worked as a team, so that when the new Vice-President--Industrial Relations was appointed, I continued to clear most of my major plans with the now President. Several weeks ago, it became official that I would report to the President.

This change of relationship was confirmed by the department, peer directors of organization development, and published sources.

The reporting relationship is shown in Figure 3.

So, initially, it was very difficult to interact with top management. Since then, and partially because of the new President, Charles has been involved in reorganization of the firm [C-7] and has interacted more frequently at top management level, spending most of his time with top management itself. This was especially true when he was helping the President reorganize the firm, including the Office of the President itself.

With regard to member interaction, it is mostly at middle management level. In fact, the department policy calls for fifty percent of a member's time to be spent at division level and lower.

Coman's department at times operated a little differently from some of the others. If a top executive wished to change a major division of the company, the department might interact vertically towards lower management to help

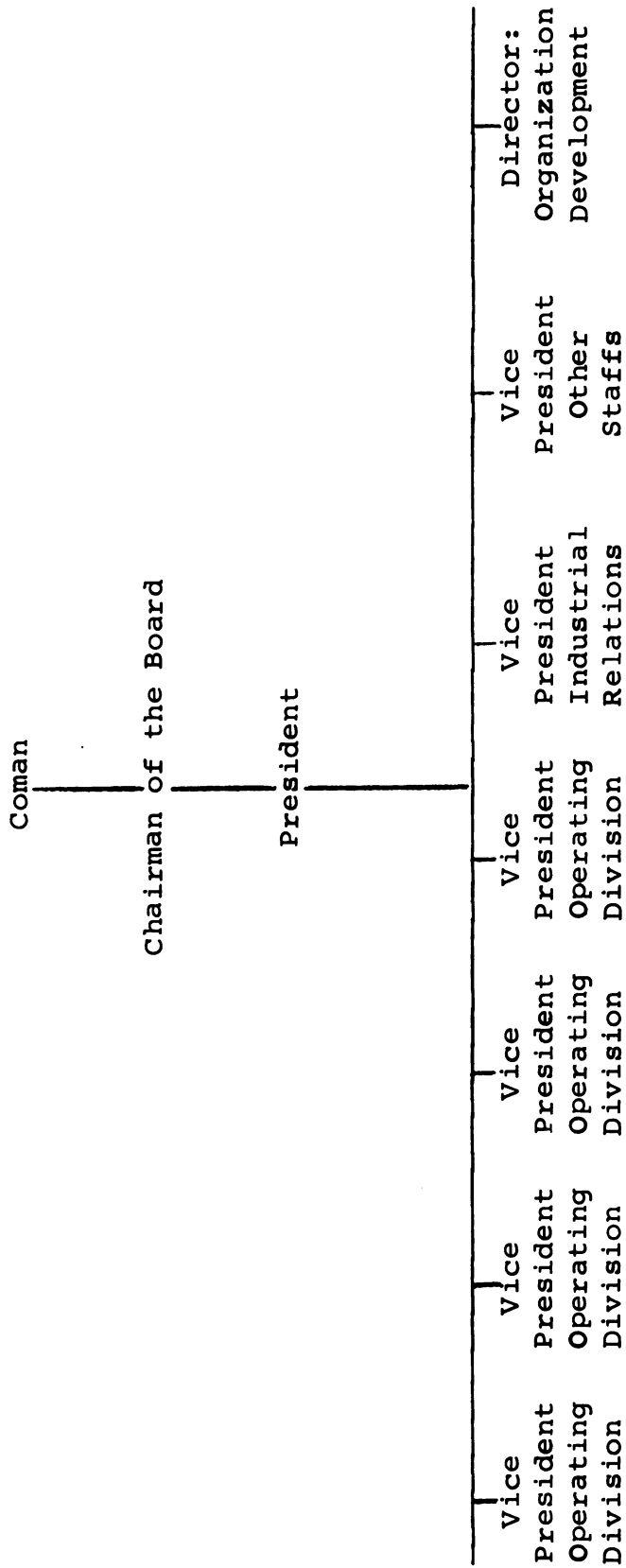


FIGURE 3

accomplish this change. Thus, at times, the department at Coman spent more time with middle and lower management than many of the other organization development departments did.

Charles specifically stated that he separated his department from other areas of industrial relations to get a different environment [C-1, C-2] and thereafter did not emphasize interaction with peer staffs.

From these emphases, it appears again that Coman has a mission of grand strategy--interacting frequently with top management, moderately often with middle management and infrequently with lower management.

Extram

Edward has discussed his interaction pattern several times in the data presented. His relationship with the President is important to an undertaking of this case. Edward discussed it in [E-2, E-2, E-4, E-5]. He described it again when asked about formal reporting relationship as well. (See Figure 4)

[E-14] Well, if you look at the organization chart, I report to the Vice-President--Industrial Relations. Einstein and I get along fine. For quite some time, there was no Vice-President--Industrial Relations. At that time, I was under the manager of Industrial Relations and Einstein was Vice-President--Research and

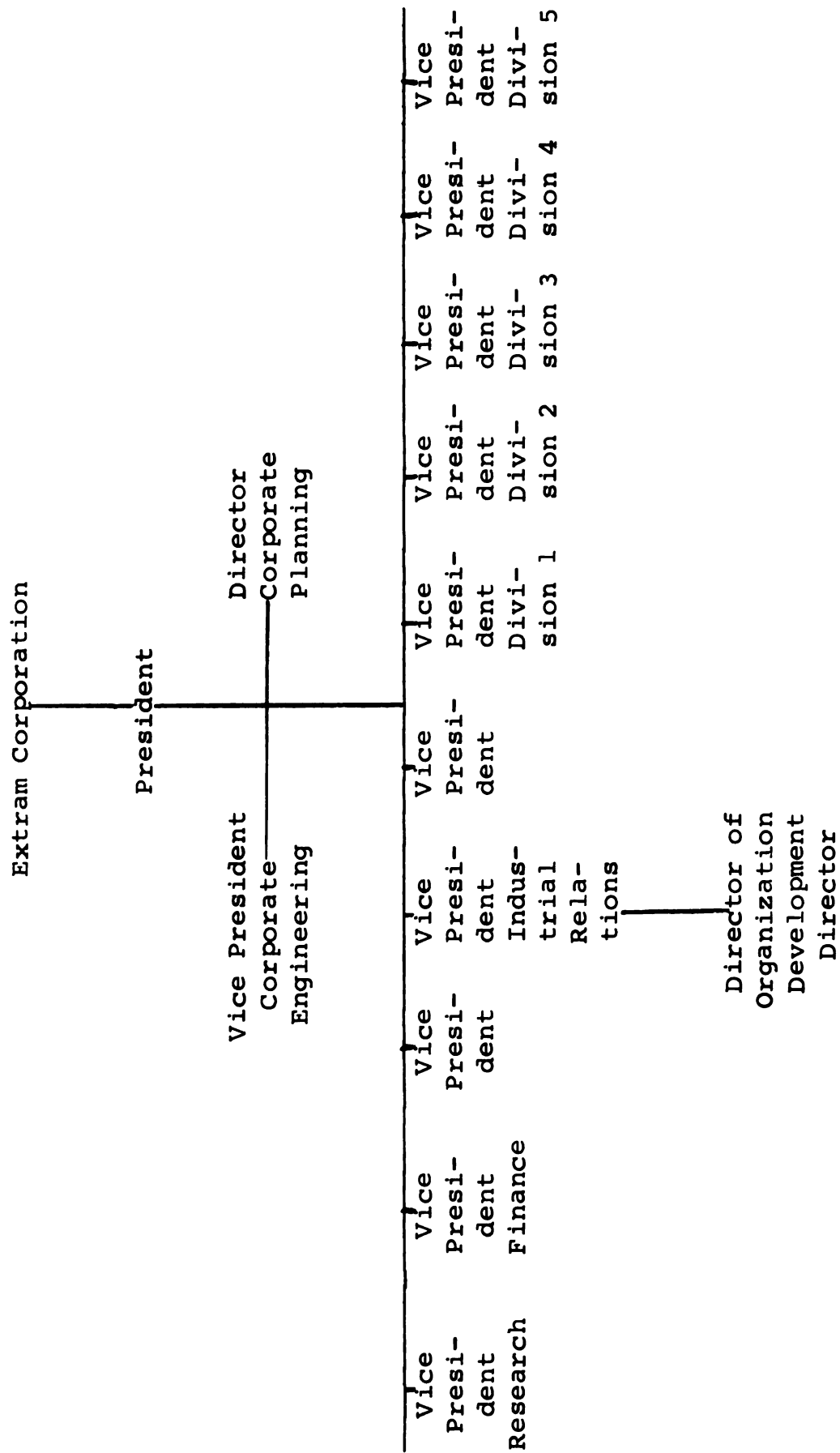


FIGURE 4

Development. In both cases, the major reorganization work was done by me with the President. We kept Einstein informed, but he does not take an active interest in the work. While the firm was reorganizing, I spent at least two days a week with the President, for a year.

This relationship with the President was confirmed by statements of the departmental members [E-7, E-8] and by the members of the Fundamental Change Committee all of whom were top management level (see statements in Chapter V). These executives called Edward by his nickname and discussed their organization problems with Edward. It was also confirmed by the friendly informant who stated that the President and Edward were seen together socially.

Finally, Edward's office and other symbols of status were not significantly different from the Corporate Vice-Presidents.

So Edward and, to some degree, the department members, interacted primarily with top management. Interviews with middle management indicated a moderate interaction rate. Since the department had assigned members to the divisions now, this was likely to decrease. In any case, it was not a regular occurrence, but involved the completion of a division's major project such as a reorganization.

The division-level organization development staff was expected to develop departmental-level organization analysts to handle problems at lower-management levels. Therefore, the interaction with lower management was low.

The department members indicated in their earlier statements that they interacted primarily with middle management.

The pattern of interaction at Extram: with top management, high interaction; with middle management, moderate interaction; with lower management, low interaction. Extram can again be classified as pursuing a grand strategy mission.

Manfex

At Manfex, the interaction frequency between Matthew and top management was high. Matthew indicated that he frequently interacted with the President [M-5]. He indicated interaction with Vice Presidents as being frequent [M-6, M-11]. The formal reporting relationship would indicate this. Matthew described his relationship within the corporation as: (see Figure 5)

[M-15] Note that there are seven staff Vice-Presidents and three operating division Vice-Presidents who report to the President. I am one of the seven staff Vice Presidents who report to Mr. _____ (the President).

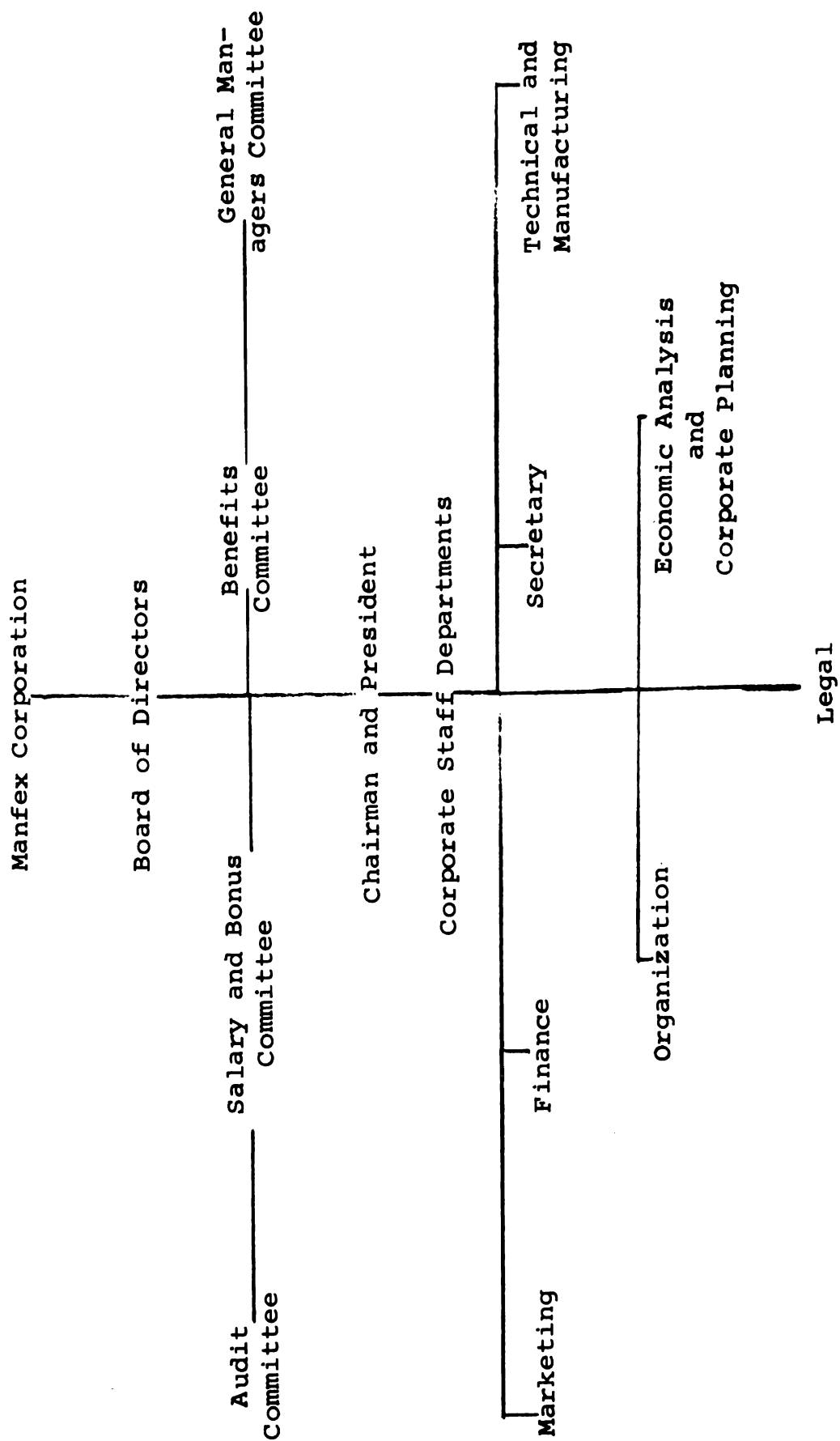


FIGURE 5

It should be noted that Matthew was a Vice President of Manfex, the only director with this title.

Confirmation of this high interaction rate between top management and Matthew was quite convincing. While the interview was taking place, the President called Matthew and he negotiated the salary for a new line Vice-President. Matthew got the President to agree to \$40,000 not \$36,000 per year.

The President called him several more times and in two cases Matthew had "quick conferences" with the President during the interview period.

In addition to the phone calls from the President during the interview, Matthew received phone calls from seven Vice-Presidents. One Vice-President of an Operating Division was waiting to see Matthew in Matthew's office when the interview was completed. Matthew's secretary pointed out that two more Vice-Presidents wished Matthew to call them back when he could. This seemed to confirm Matthew's statements of interaction at the top management level.

Another available source of confirmation was peer evaluation. The several directors were asked to appraise each others' activities, influence and interaction. Matthew was rated as having the closest relationship with top management

(Otto and Charles were also rated highly). This group was only able to evaluate Ronald, Arnold, Otto, Matthew and Charles, for Edward and Thomas's offices were not in this area.

Matthew did not interact with lower management. But when organization problems existed at these levels, occasionally a departmental member would help or an outside consultant was used. Matthew interacted with middle management occasionally, usually on special projects.

In the case of Manfex, the department interacted more frequently at the top level, not at all with lower level, and occasionally with middle management. It clearly is a grand strategy mission although not a perfect fit because of inactivity at the lower levels.

Outlet

Some references to Otto's and the members interactions within Outlet have already been given.

In [O-1], Otto states that he was hired by the Chairman of the Board and served as his Assistant. Otto had known him from a previous experience. The activities performed by Otto indicated high interaction with top management [O-4, O-5]. Finally, Otto said that he personally spent at least fifty percent of his time with top management.

Otto's formal reporting relationship facilitated high interaction with top management (see Figure 6). Otto gave examples of interaction with three top executives:

[O-8] I have done a lot of work for my three ex-bosses both during the time when they were my bosses and since. In several cases, I was asked to recommend who should be promoted at the Vice-Presidential level, and I am the only one present when the President and Chairman of the Board discuss top-level promotions.

Peer evaluations of Otto's interaction confirmed that he operated primarily at top-management levels.

There seems to be little doubt of the evolution of the reporting relationship of Otto from reporting to a Vice-President to reporting to the President. Otto's office (see Chapter V) was next to the President's and across from the Board Chairman's. He was asked to step into the President's office several times and the Chairman's once during the interview.

So, Otto had claimed close interaction with top management from the beginning [O-1, O-2] and described the evolution of reporting to a Vice-President to the President. He stressed that he met often with top management [O-7] and performed increasingly higher level organization studies requiring interaction with the top executives at Outlet. His report showed a large portion of his time was spent at top-management level.

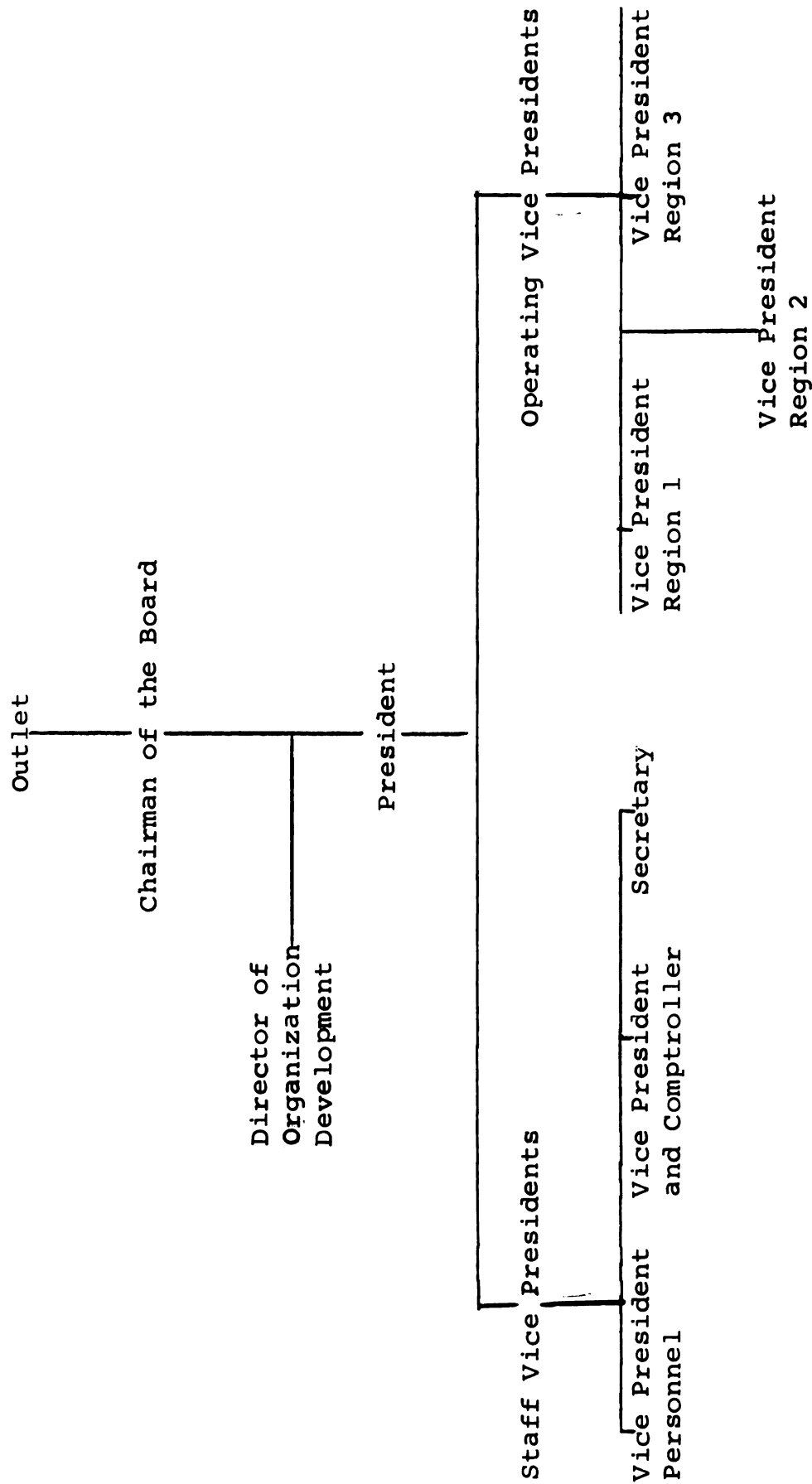


FIGURE 6

The members dealt with divisional and departmental executives. But Otto occasionally handled projects at the divisional level, but normally for the President. He spent only a moderate amount of time below top management level. The department members, however, worked primarily at the divisional level and thus interacted frequently with middle management and to a small degree, lower management. In the Personnel Department, there existed an organization planning section and these and outside consultants handled lower management organization problems.

The pattern of interaction at Outlet was similar to that of Manfex. The directors both interacted frequently with the Chief Executive officer. Otto said that his office location was intended to increase interaction with top management.

It appears from the reporting relationships, observations, peer evaluation, and interviews that the department's interaction was high with top management and moderate with middle management. It did not interact with lower management. Thus, although not a perfect fit on lower management, the department was pursuing a mission of grand strategy.

Tractem

Thomas' interaction with the President began shortly after he joined Tractem [T-1]. It has continued. Thomas told the author (in describing his formal reporting relationship):

[T-6] You will note (in Figure 7) that I report to the Vice-President of Personnel. At Tractem, the Vice-President of Personnel has traditionally been a very important position. However, really, I deal with the President as often as anyone else. For, he was the first director of the Department. I just returned from an early morning meeting with him. When we were reorganizing under our previous President, I used to go over to the President's house with the line executives and we'd work out the organization problems.

The policy manual [T-4] indicates the potential of high interaction with top management.

The interaction can be inferred from the fact that the President had doubled the size of the department in the last year.

There was evidence of frequent interaction with the top executives having meetings in the department's conference room with Thomas [T-4]. No doubt the close relationship of Thomas with the President accentuated the interaction with others in top management. The 1959 annual report (see Chapter V) showed interaction with top management as well.

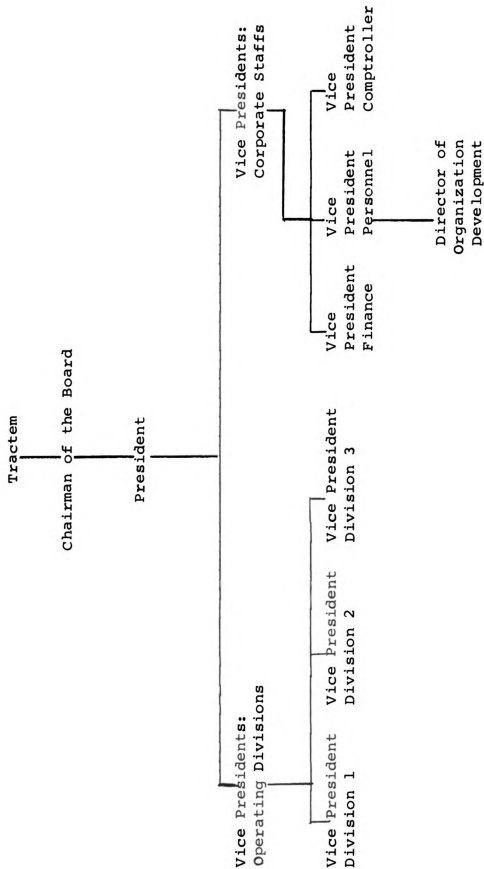


FIGURE 7

The descriptions of the activities of the department members indicated frequent interaction with middle management [T-5]. The annual report of 1959 indicated the activities and relationships with middle management.

Thomas spent all of his time with top management and some Division Vice-Presidents. His staff interacted mainly with middle management.

This interaction pattern fits the grand strategy mission into which Tractem had been classified earlier.

Comparisons and Analysis of Interaction

The first indication of interaction potential given in the data was the formal reporting relationship. The data showed that the reporting relationships were as follows:

<u>Firm and Mission</u>	<u>Formally Reported To</u>	<u>Informally Reported To</u>
Tactical Mission Remco	Employee Relations Manager	-
Strategic Mission Assembler	Group Vice-President Staff Activities	Hard to determine; In the past, reported to the President
Grand Strategy Mission Coman Extram	President Vice-President-- Industrial Relations	- President

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<u>Firm and Mission</u>	<u>Formally Reported To</u>	<u>Informally Reported To</u>
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Grand Strategy Mission (continued)

Manfex	President	-
Outlet	Chairman of the Board	-
Tractem	Vice President:	
	Personnel	President

Ronald had reported to the Employee Relations Manager since 1963. Ronald noted that he had never met the President. He said that occasionally his superior forwarded the report he prepared to the President who returned it through channels, sometimes with a notation that he had read it.

There were no indications that his reporting relationship would be changed.

Arnold reported to a group Vice-President now. Arnold had reported to the President in the first years of the function. He felt that this change can be explained by the fact that the President had increased his interest in and emphasis on external requirements of the corporation.

Charles had reported to the Vice-President of Industrial Relations but had developed a well-known informal relationship with the President when the President had been Vice-President--Industrial Relations. Charles cleared most major decisions with the President and this seemed reasonable since

they performed work quite differently from the normal Personnel function (or so the department claimed). Then, just a few months ago, the reporting relationship had been changed so that Charles now reported to the President.

Edward reported to the Vice-President, Industrial Relations formally. However, he socialized with the President and whenever he felt it necessary, sought his approval directly. Edward claimed that this was with his superior's blessing. And it is understandable since Edward's relationship with the President dated from a period when the Vice-Presidency was vacant.

Matthew reported to the President and this had been so since the office was created in 1958 officially. But the important relationship between the two offices began in 1960 with the ascent of the present President.

Otto had reported to a Vice-President for five years. He now reported directly to the Chairman of the Board. He had worked as an assistant to the Chairman prior to the creation of the function.

Thomas reported to the Vice-President--Personnel formally. But since he and the President had created the organization department together ten years ago, he cleared

most decisions with him. The informal relationship extended to 1954 when these two proposed the function. They had worked together for three years (until 1957) in the same office. Thus, in the grand strategy mission, the interactions, as evidenced by formal reporting relationships, had been ascending the corporate hierarchy. This was not true for the strategic mission where the director now reported to a Vice-President instead of the President. Nor was it true of the tactical mission, where the reporting relationship had remained the same.

With regard to interaction frequency, the evidence derived from observation, interviews, and confirmations indicates the patterns shown in Tables I and II

When the interaction frequencies of the Directors are compared by mission, they appear as follows:

<u>Grand Strategy</u>	<u>President</u>	<u>Top Management</u>	<u>Middle Management</u>	<u>Lower Management</u>
Coman	High	High	Moderate	Low
Extram	High	High	Moderate	Low
Manfex	High	High	Moderate	None
Outlet	High	High	Moderate	None
Tractem	High	High	Moderate	None
Strategic - Assembler	Moderate	High	Moderate	None
Tactical - Remco	None	None	Low	High

TABLE I
INTERACTION PATTERNS OF DIRECTORS OF THE DEPARTMENTS

<u>Director</u>	<u>Interaction Frequency</u>		<u>Confirmed by</u>
Ronald	President Top Management Middle Management Lower Management	None None Low High	Thomas denied inter- action higher than lower management level.
Arnold	President Top Management Middle Management Lower Management	Low High (60% of his time) Moderate None	Department Members; Statements; Policy File; Observa- tions of Behavior.
Charles	President Top Management Middle Management Lower Management Peer Staff	High High Moderate Low None	Top management Statements; Policy File; Member Statements; Printed Works.
Edward	President Top Management Middle Management Lower Management	High High Moderate None	Members Statements; Vice-Presidents Statements; Observations of Behavior.
Matthew	President Top Management Middle Management Lower Management	High High Moderate None	Department Members Statements; Observations of Behavior; Policy File.
Otto	President and Chairman Top Management Middle Management Lower Management	High High Moderate None	Policy File; Observation of Behavior; Member Statements.
Thomas	President Top Management Middle Management Lower Management	High (60% of his time) High Moderate None	Members Statements; Policy File; Observations of Behavior.

TABLE II

INTERACTION PATTERNS OF MEMBERS OF THE DEPARTMENTS

<u>Firm</u>	<u>Interaction Frequency</u>		<u>Confirmed by</u>
Remco (No members)			
Assembler	Top Management	None	Arnold's Statements; Arthur's Statements
	Middle Management	High	
	Lower Management	None	
Coman	Top Management	None	Policy File; Charles' Statements
	Middle Management	High	
	Lower Management	Low	
Extram	Top Management	None	Edward's Statements Edwina, Endicott, Esmund's Statements
	Middle Management	High	
	Lower Management	Moderate	
Manfex	Top Management	None	Matthew's Statements
	Middle Management	High	
	Lower Management	None	
Outlet	Top Management	None	Otto's Statements
	Middle Management	High	
	Lower Management	None	
Tractem	Top Management	None	Thomas's Statements; Policy File
	Middle Management	High	
	Lower Management	None	

All of the departments fit the pattern of interaction predicted for the missions in general. They were not all exact fits. Tractem, Outlet, and Manfex did not interact even at a low level with lower management. Assembler interacted with top management more than would have been predicted. So, the continua for interaction looks as follows:

<u>Interaction</u>				
<u>Grand Strategy</u>	<u>Strategy</u>			<u>Tactics</u>
	Coman Extram	Marfex Outlet Tractem	Assembler	Remco
Top Mgt.*	High	High	High	Moderate Low
Middle Mgt.*	Moderate	Moderate	Moderate	High Moderate
Lower Mgt.*	Low		Low	High
* Management				

A researcher is rarely satisfied with the amount of confirmation of data on interaction. There is no substitute for extended observations of interaction, but even in this case, one cannot be present at all times. Self recording interaction devices may be biased by the respondent not recording some "undesirable" interactions.

But the data already presented about activities, and that which will be presented about influence and accomplishment patterns serve to reinforce the findings about the interactions. These factors are not independent of each other.

This chapter has summarized the interaction patterns of the directors and members of organization development departments in the firms studied. Chapter V presents the data and analysis of the influence exerted by the departments on the policy formation process of the firms.

CHAPTER V

THE INFLUENCE THE DIRECTORS AND MEMBERS EXERT ON THE POLICIES OF THEIR FIRMS

This chapter presents the data which indicates the influence of the departments on their firms. First of all, circumstances that may indicate rank, status, and influence will be described. Many feel that the physical circumstances surrounding an individual or group can often serve as an indicator of their influence. It is true that sometimes an executive can be "promoted" into higher rank by giving him greater trappings of office while he has significantly less actual influence. However, none of the directors held prior position significant for the corporation to create a well decorated shelf for him. [Edward, Matthew, Charles were minor staff personnel; Otto, Thomas, Arnold and Ronald came to the firms from the outside.] Secondly, the evidence is presented that indicates which policies the department influenced. This is the chief measure of influence according to the definitions used in this thesis.

Finally, a comparison and analysis of these data will be given to determine the degree of support found for the hypotheses. Corollary III of Hypothesis I predicted that grand strategy departments would affect policies involving the organization structures and management philosophy towards the work environment for the corporation. The strategic department would affect the organization structure and policies affecting it for the corporation. The tactical department would affect the organization structure of units of the corporation. Basically, grand strategy mission departments will have greater weight, scope and domain of influence than the other missions.

Hypothesis II predicted that grand strategy missions would be more effective.

The data presented here were gathered from observation and responses to the following questions of the interview schedules:

Schedule 1: 1, 2, 3, 4(A), (B), (C), 5, 9(B), 13(C),
15, 21(A,B), 22, 23, 24(A,B,C,D,E,F),
25(B), 26(B), 27(A), 28(C).

Schedule 2: A, C, E(1), F, G(1), (2), (3), (5); H(3)

Schedule 3: AA, GG, HH, II(4), JJ(1)(4).

Data of the Influence of the Departments of
Organization Development

Remco

In many corporations, influence can be gauged by the physical surroundings the corporation provides for the position emcumbant. Ronald's office was located on the same floor with the Accounting and Financial staff. It was modest in size (approximately 8' x 12'). It was about the same size as a member's office in most of the other firm's studied. His name was not listed on the firm's index in the lobby, nor did the receptionist on his floor know him. Ronald's secretary escorted the author to the interview. Her office was located in a secretarial pool. His office was substantially smaller than that of his superior.

From earlier data, much can already be inferred about the influence Ronald has on the policies of the Remco Corporation. Ronald perceived his mission to include the completion of plant-level organization studies [R-1]. He felt that little corporate influence was forthcoming [R-7]. This lack of influence contrasted with his past organization positions in which he reorganized whole divisions of several multi-billion dollar energy corporations. The contrast was so great and

his dissatisfaction so pronounced that he had already planned to leave Remco. (By the time this is written, he has moved). His peers directors were unaware of his circumstances. They rank him as being quite successful based on his prior work.

Ronald felt that his formal education, including a Masters Degree in Industrial Engineering, nine years on a prestigious university faculty and several influential organization positions at large corporations prepared him to perform in a competent manner.

In addition, Ronald perceived his position as that of a staff executive, in a recently established staff [R-2], attempting to make its way in a strong line company [R-7]. His problem is complicated because the line has not been using the staff.

He commented earlier on his lack of success in influencing the forceful President. He had never received more than six words written on his studies from the President.

His position and influence were so weak that he had difficulty influencing even the lower management executives involved. As Ronald stated it:

[R-8] When I finish a study, I send it to the line executive concerned. Employee relations is not strong. We're too junior. You need senior people to get action and take initiative. So when I make

reports, I have to be very careful how I handle it with the line executives. When this executive receives it, and if he wants to do something about it, he will take it up his line of chain of command to get the change through.

What has been the evolution of influence at Remco then?

The Director. Ronald has performed organization studies of plants of Remco for three years.

The Superior. With a President who is only mildly impressed with plant personnel cuts, the Employee Relations Manager and Ronald have not been able to expand the function.

The Situation. Remco has been in a desperate position, having to change the nature of its business, its structure, and its personnel. The opportunity for the mission to grow was there, but as Selznick says, leaders are not likely to be impressed with only plant organization studies.⁵⁶

Ronald claimed no top management influence and apparently had not received any. Even the plant level managers did not have to accept his suggestions. Ronald was obviously disappointed and was leaving the firm. The small office and other indicators of influence confirmed this conclusion.

This department obviously influences at most the organization structure of plants and other subunits of Remco,

⁵⁶Selznick, op. cit.

if their line executives agree. There is no support from the corporate level. There was no attempt to influence corporate policy.

Again, the pattern of the tactical mission fits Remco. The influence, if any, is upon lower management policies as they affect the organization structure of subunits of the firm.

Assembler

At Assembler, the corporate headquarters was located in its own building in a suburban area of a large city. There was no index of executives. Arnold's secretary escorted the author past many offices the same as Arnold's. The department had its own secretarial office and visitor lounge. Arnold's office was approximately 12' x 12', carpeted, well furnished. He had a beautiful view of the grounds. The office contained many mementos of the organization association to which he belonged.

Earlier data gave some indication of the department's influence. In the beginning, Arnold reported to the President and helped implement the reorganization of the firm his consulting firm had suggested [A-1]. Subsequent to that, the department and Arnold in particular interacted relatively frequently with top management while it made policy decisions

about structural changes [A-2]. The department had some influence because all structural changes required their approval or comment [A-2]. This helped the firm control the spheres of activity and the possible conflicts of proposed changes. Most of the department's activities focused at the corporate level, for the divisions have their own staffs. Then in 1964, a new level of management was created which separated Arnold from a direct reporting relationship with the President. When asked the reason for this, Arnold said:

[A-15] Well, in 1964, we reorganized at the top. The President created the position of Group Vice-President in charge of Staff and we were shifted to this area. For the President is becoming loaded with external responsibilities and he can't have everyone reporting to him.

It seems reasonable to conclude that the President did not feel the need to have as close a relationship with the department as earlier.

Arnold saw the work which the department performed as a good example of traditional staff work.

Arnold believed that he had studied organization matters and made decisions on it. On the basis of this, he could act and help management. He saw organization as an area of expertise separate from personnel, communications, and management development. The experience with top management and his

particular divisions gave him reason to be confident of his competence.

His statements of activity such as [A-8, A-9], showed no enthusiasm or dynamic interest in his work, but this could have been his manner. Furthermore, he seemed disillusioned with it:

[A-16] Organization work at Assembler is easier than at many other firms. For we have been growing so much that many individuals don't worry about us as a job threat, and always need some help in a change. Management has accepted most of what we have recommended, so this is one satisfaction of my job. It is satisfying to be there when major decisions are made and it gives you an opportunity to give my suggestions and we get to study and recommend important changes and it is a satisfaction when they are accepted and we get a chance to implement our recommendations . . .

Most people who start in organization work stay in it. If companies see it broadly, you can get into other areas such as compensation. But once you're in it, you usually stay. I know of only two major men who have been able to shift back to the line, and they had strong line backgrounds. But if you start in this specialization, the probability is high that you become a professional specialist. The vast majority of men stay in it but would prefer to get into general management. Many have been in the work so long that they can't switch. (Emphasis mine). Most in our Association have been in it all their life.

What influence does the position have? As Arnold just stated it, "It is satisfying to be there when major decisions are made . . . and to give suggestions . . ." But suggestions

about what? Arnold consistently viewed organization work in terms of control:

[A-17] All organization changes of a significant nature must be cleared by us. This helps the corporation avoid a lot of trouble other corporations experience with frequent and poorly planned change or he would refer to specific projects such as reorganizations of portions of the divisions, policy manual revisions, or quite specific if not mechanical conclusions to activities.

The department responds to requests from management for studies, but Arnold gave no indication that he suggested means to improve the organizational environment or anticipate organization change or other needs. The one suggestion he discussed was that Assembler enter a new business. This is normally not an organization department matter. What evolution of influence was seen at Assembler?

The Director. Arnold implemented his own suggestions for structural change and has not evolved the mission to include other approaches.

The Superior. The present President used organization development in the beginning, but quickly became involved in other matters. He then created a new level of management for the director to report to.

The Situation. Constant growth of the company could have led to complacency. But one wonders if Arnold really has the ideas or interest to evolve the function to broader scope.

At Assembler, it can be seen that an ebbing of influence has taken place, with a new reporting level inserted between the power center and the department. No major policy changes had been recently suggested or approved, nor had the focus of activity changed in ten years.

Arnold was disillusioned and was trying to shift to line management. He did influence the corporate level to some degree, but mostly as a control device for structural changes. The mission is a strategic one. Arnold had division-level organization analysts to do Ronald's type work. Yet the contrast is convincing when Assembler's pattern is compared to the increasing influence and their scope and weight of influence of a grand strategy department. The indications of influence confirmed this mission, especially the office size and location.

In summary, Arnold and the department did not influence significantly corporate policy on work environment or management philosophy. It did serve as a control device, a unification device, and adaptation device for the corporate level's

organization structure. It again appears that Assembler fits the category of a structural mission.

Coman

At Coman, Charles was one of the few executives whose name was listed on the first floor index of the corporate headquarters. The offices of the department and Charles were located in an area of the building containing some of the corporate staff. It was not on the same floor as the President or Vice-Presidents of Coman.

The department members offices were typical of corporate staffs, very similar to those at Outlet and Manfex. Charles and his secretary had an executive suite in the corner of the building. The office was large (15' x 15') paneled in light walnut and the windows had a walnut grill over them. He had a large built-in bookcase area and the office had many art objects. The furnishings were of Danish modern in walnut and black and were quite expensive. The halls of this building were not carpeted. The departmental offices were carpeted and it extended about one foot beyond their office. Charles' office was carpeted in a different color and deeper pile than the department offices. The author was escorted to Charles office by his secretary who then served coffee and donuts.

Her office was larger than Ronald's, for example, Charles' office was as large as some of the Corporate Vice-Presidents at Coman.

In the data presented earlier, some evidence of influence was given. Charles discussed the early emphasis on specific functional activities of charts, training, and salary administration, without the "pressure" of top management support, but it had no influence for six months [C-2].

In discussing reporting relationship, it was noted that Charles influences the President by a close informal relationship dating from the period when the President was his immediate superior. Since then he directly reports to him. Charles' influence can be inferred from the fact that a non-influential could not normally wait six months for its first client. (A new program with no apparent results normally dies.) Their influence on at least a portion of the firm is manifested in the attitudes expressed by a client (a Vice-President).

[C-9] While you are likely to find that clients are generally enthusiastic about the organization development people's way of working, you will also find that each one has a somewhat different perception of what the group is trying to do. Each one tends to take from the group according to his particular needs and understanding. It is more likely to be something on a considerably smaller scale, such as discovering

that leveling with his people is an effective way of increasing real communication up as well as down the line. Or that management by objectives seems to be a good way to get things done. Or a client may just get help in solving some particular problem and that's about it. These organization development people are different, at least they act differently. You can absolutely trust them. They're not looking for credit or prestige or power for themselves. They really want to help you.

It's not the fact that a special unit was set up or a given certain functions that is important. What is important is the kind of man who was selected to head it, and the kind of people he in turn has brought into the unit. With a different type of person there would be little or nothing gained by simply adding another organizational grouping. I can go to my boss and say, "Oh, he's not doing this according to the rules; you better check up on him." I wouldn't tell some of these staff people who come poking around a thing. I'd be a fool to. They'd just run back and get me in trouble. Organization development doesn't work this way. They just want to help. Formerly when I had some special problem I needed help on I called in an outside consultant. Now I go to the organization development people and see what they have to say.

I believe there are really two kinds of staff--or at least there should be. There are staff units that are primarily concerned with control, that have to audit and collect data for the people at the top so they'll have some check on what's going on. And then there are those groups that are set up mainly to counsel and give assistance to others. Personally I'm skeptical that control and assistance can be satisfactorily combined. The minute I know that anybody is checking up on me, I'm naturally going to try and present my case in the best possible light. I'm certainly not going to talk about my weak spots and the mistakes I've made. On the other hand, weak spots and mistakes are precisely what I have to talk about if I'm going to get any real assistance in dealing with problem areas. So I don't believe the two roles mix.

I think the fact that organization development does not try to control or in any way force its ideas on anyone is one of the basic reasons why the people in my department have been able to work so well with the organization development unit in a situation that has been difficult at best. We've been in the process of a complete reorganization. At the outset we decided that ability to do the job would be the only criterion used in selecting people for positions. This has meant not only cutting staff but shifting some people from relatively high-level positions to spots that carried less prestige and authority. That's rough. But with the organization development people's help, we think we did the job effectively and with about as little pain as possible.

We leveled with these people, we told them just what was going on, and we also asked for their help in reorganizing the department. Now I think we're in surprisingly good shape.

This client has indicated how the department has influenced him and others during the recent reorganization. This reorganization was suggested by Charles and included the reorganization of the President's office itself.

As one famous business publication stated it after discussing Coman's economic problems:

[C-10] So, in 1959 the President asked Charles _____, an Industrial Relations man, and who had worked closely with President _____ when he was Vice-President Industrial Relations, to . . . The President decided Charles' _____ ideas were good and set up organization development as inside Consultant . . . Organization development is still not totally accepted but _____ [The President] is convinced Charles is right.

The publication went on to describe how Charles so influenced the President with his ideas that the President completely restructured his own office and top management to utilize the group concept, reducing a number of divisions into several groups and structuring the top levels of management to utilize the linking-pin concept of Likert.

It requires significant influence to reorganize a firm and especially so if it is a radical change as this was.

Charles states the problem of measurement of influence at Coman well when he says:

[C-11] We are told that our principles are having an effect. And we see in some line operations, both old and new, that they are having an effect. But since our role is catalytic, helping managers think through problems of motivation, organization, and management of human effort, our results can't, in the last analysis, be measured by anyone but the people we serve. We are content that it be this way.

We are profit oriented. The happiness of people is not a goal although we suspect that people are probably happier working this way. In profit-oriented terms, we are convinced that an organization operating by these principles can operate with fewer people, lower costs, far greater effectiveness, and higher individual rewards for the people who are so involved.

Charles then described the accomplishments of his department (See Chapter VI). These included: a change in attitude regarding the withholding of information from employees; open discussion of the problems of the firm and discussion of

how to achieve the goals; an attitude change in the manner of handling compensation executive compensation; develop means to minimize conflicts over promotions and salary changes; the changing of attitudes toward organization changes to include human and structural approaches; counseling managers on the methods of handling organization changes; more efficient use of organization charts as tools of change; preparation of potential management inventories.

The evolution of influence seen at Coman was as follows:

The Director. Charles brought the department from a series of exempt personnel services to a resource for line management to draw on for more effective organization environment.

The Superior. The present President helped Charles evolve the present philosophy when he was Charles' immediate superior in industrial relations. He has increased the support of the department since assuming the Presidency.

The Situation. A situation of profit squeeze and identity crisis for this conglomerate existed and the department has helped to move it along the path to greater effectiveness in the marketplace.

This department, and especially its director, can point to major structural and environmental changes as a direct result of its activities.

As a result of his convictions, Charles was convinced that group decisions and activities were critical to success. The most dramatic result of his activity was a complete reorganization at the top corporate level. The President was given an "Office of the President" in which he regularly made decisions with four other executives. This became a joint executive. The divisions were grouped differently and each group headed by a joint group executive consisting of a Group Vice-President and Vice-Presidents of Divisions who made joint decisions on most major matters. There were provisions for "linking pin" positions between levels.

Charles claimed credit for this change and since the visit, the change was published in a national business magazine, crediting the idea to Charles.

Similar changes in attitudes, work envisionment, and structure were made earlier by cooperating divisions and plants.

These changes indicate a degree of influence with the President and Vice-Presidents. Major corporate organization

changes are not lightly made affecting their own power positions, without top management support.

The President showed his interest and support by allowing Charles to move the corporation toward Theory Y and having Charles report to him.

The executive suite occupied by Charles supported these indications of influence on policy.

It can be seen from these examples that Charles and his department were concerned with influencing the management philosophy and work environment of Coman. In addition, they had just completed implementing a complete structural reorganization of the firm. Both of these changes were attributed to Charles' influence by clients, department members, and published sources. These are effective indicators of significant influence in the firm and again reinforces the earlier conclusion that the department at Coman pursued a grand strategy mission.

Extram

At Extram, Edward's office was large (12' x 15') paneled, carpeted, and faced the plaza, not the plant. He had the same type furniture and appointments as the Vice-Presidents. It was located in the executive floor and his

secretary shared the same alcove as the Vice-President of Finance. The departmental offices were located in a separate building with other staff offices such as accounting and personnel.

Some indication of Edward's influence on policies of the corporation and top management have already been given. After all, Edward and the President met to evolve the new organization structure and management philosophy [E-2, E-3]. Edward helped create the Fundamental Change Committee to approve (and derive support for) the changes they proposed [E-5]. The scope of the change itself is significant. These included the changing of the number of levels of the firm and inducing blue collar workers to help set goals. These are not paper changes.

The chief measure of influence is the degree to which the department director is able to affect policies. These policies are determined by top management. Several of the Vice Presidents at Extram were helpful on this point. Their statements follow.

First of all, there are these statements from Einstein, Edward's superior and the Vice-President--Industrial Relations:

[E-15] In my dissatisfaction with Extram's progress viz a viz my aspiration level for it, I searched for a reason . . . we had good people in terms of each speciality . . . When I went to AMA Seminars, our people performed as well as other firms in terms of technical knowledge and ability to grasp a task and attack it effectively . . . what we were doing wrong was not marshalling our people well . . . they were not self starters . . . I wondered why . . . About this time [while he was still Vice-President Research and Development], I met Edward. He was "preaching the gospel" of marshalling people through effective management and organization. I sent my people to his courses and then took it myself . . . I saw that Edward had the solution to these problems, including his proposed organization changes. When I came to this job, I saw the same problem. No one evaluated this work, and so I asked Edward for a solution. He suggested we start charging for our services. If the divisions wished the service, they'd pay for it. And we could account for usefulness. Edward helped us to work toward corporate goals. Our people started evaluating their own work as a result of changed managerial orientation and changed organization structure.

After discussing Edward's general influence on himself, Einstein discussed the organization change and Edward's part in it.

[E-16] In the organization change, Edward was confident enough to hire an outside consultant to test his suggestions and audit the organization change. So we made the big changes Edward suggested. Many divisions are asking for Edward's services to make the same changes and get the effectiveness he has brought at Corporate headquarters and the divisions. When Edward works with a division, in theory the head of that division should outline authority, salary increases, etc. In reality, Edward is doing a lot of it during the organization changes. I am getting constant comments that "Edward helped us through these changes." For example, he just

finished working with the traffic department. They thanked him through me for asking the questions and helping with the answers of, such as: What controls do we need? What must be cleared with us?

In response to the question about the effectiveness of the department, Einstein replied:

[E-17] We expect to see Extram profits up. You can't just compare the cost of organization development to other company's cost of this--that's irrelevant. Corporate profit results from people using resources. If you believe this, then these organization development functions affect the people-profit equilibrium. You can't figure results exactly. We did cut personnel in this organization change and this is measurable.

If profits don't improve, my whole industrial relations function is suspect. For all people must work effectively towards increased profitability. If profit becomes worse, management should ask: is this due to poor management? Has our structure failed us? They should compare divisions using our methods and those who don't use them . . .

. . . You could also send a survey to the "customers" of organization development and us. If they are uniformly enthusiastic, then its not our fault. Still, if profits don't increase, we should ask: is industrial relations worth it?

Thus, Edward's superior sought him out for advice and accepted his suggestions to charge for staff services. He felt that Edward's clients were satisfied. This could now be measured by the payments of the division.

Esmund is the Vice-President--Finance. His comments about Edward were favorable:

[E-18] My concept of management is to delegate to the proper level. You can't take various businesses and set one method for all. But I was involved in operating problems and had no time to consider long-range planning, internal auditing, developing people. We had no formal rules for all the divisions of accrual methods, when to expense versus capitalize. We needed rules of the game. So we created financial manuals for the divisions. But here again came the problem of organization. We had a system but we also had people problems. We brought in several consultants.

But no real progress came until Edward set up the Fundamental Change Committee and brought in the last consultant. Edward drew up the proposed organization and the committee of Vice Presidents met continuously for six months. At Edward's suggestions, we called in all the people who had suggestions and tried to work them in. The consultant did parallel work. We listed several hundred potential executives and considered them in terms of the jobs we needed. The consultants concentrated at the lower levels in the larger divisions. We have had smaller reorganizations in the past but nothing like this one. We also used manpower planning and Edward helped us there. The Committee tapered off, but Edward and I still meet frequently.

My work is very different now. I am separated from daily operations. I can concern myself with policy. I receive reports on the data that I need. I can plan future policy and personnel changes. The reorganization meant some personnel changes. One out of eight of my department was released and we reassigned many jobs. We can now concentrate on long run and significant problems of methods of inventory and review of the frequency of payout of cash instead of concern for petty cash.

I now ask Edward to help me change my organization structure. I'm going to divisionalize the information system and ask them to do their own recruiting. I need Edward to help me with people planning in the future. I want to get away from accidental development. I also rely on him as a sounding board for ideas. For example,

I just finished writing up a list of responsibilities for operating level controllers. I showed it to him for his appraisal. We use each other as feedback devices, for we are personally compatible.

I use him as an advisor on salary administration. An assistant division controller wanted a raise and he was denied it. Edward can get the feed back on it.

So, in summary, to capitalize on these growing markets, Extram has recently realigned its corporate structure by establishing a number of separate operating divisions which are true profit centers. Each of these is headed by a Vice-President who has full authority and responsibility for effective operations and profits.

We believe this new structure will give us a more sensitive feel of the market place and enable the divisions to respond more quickly and flexibly to changing situations.

At the same time as we have invested each operating division with individual profit responsibility, we have also streamlined our corporate staff, reducing its size and limiting its function to policy-making decisions and the handling of certain coordinating and auditing activities . . .

Since we are looking at markets ten years away, we must also program for the sort of executive force that will carry out these long-range projects. The members of our corporate executive staff today average fifty-five years of age, with some thirty years of experience per man with the company. On the divisional staff level, the average age is forty-five with nineteen years of experience; and our divisional line managers today average forty-eight years and some twenty years of experience with Extram. Edward has been a great help in this process.

Edward's role in the reorganization was confirmed by

Esmund. But even more than this, Esmund shows that his

policies about organization and work environment are influenced by the respect he has for Edward.

Ethelbert, the Vice-President of the largest division of the company had this to say about Edward and the department:

[E-18] Edward has been a great help to me. He did most of the spade work for our recent divisional reorganization while I was abroad. He furnished me with the format to formulate management policies within the scope of our corporation for my division. He set up round table discussions for me, my personnel manager, and others and helped clear the policies for the structural changes of division. This process was accomplished in a few weeks versus six months if I had to do it myself.

He helped me write the statements of how I wanted my managers to operate. He was a participant advisor and counselor in meeting with my new department heads, keeping minutes of these meetings, pointing out to me later what items we missed. He met with us for thirty days while we were reorganizing and then helped us to communicate it to the people. He and I held meetings with the people who were to be involved. He would speak for the corporation level, I for the division. We received a lot of good comments from the trade and from within Extram. To a man, they liked the way we handled it, taking time out to discuss the objectives we had in mind, reasons for the changes, what these were, and what was now expected of them. Extram has restructured its three divisions to allow them to plot more closely their own growth and profit destinies. As a result of these changes, I can damn well tell you our growth projections are above the six percent industry average and the same goes for profits.

These objectives are more than likely shared by most companies, but our goals are far more realistic because of the way Extram is now pushing down profit responsibility to people who can do something about it. Under Extram's former setup, there was no sales and profit accountability under the divisional general manager level. The

company couldn't make even general managers truly profit responsible, because they didn't have cost control over areas such as purchasing, personnel, traffic and distribution and planning. The divisions were billed for these corporate services as a percentage of sales. The only areas we had control over were manufacturing and marketing.

Under the present system, personnel, finance, distribution and planning and quality control have been pulled under the divisional wing to allow each division to ride close herd on costs . . . We had to make considerable personnel changes, reducing personnel ten percent by reassignment. We brought in two of our top fifteen executives from the outside. My major product managers, especially Everett, used Edward to restructure his "business." Edward is of the highest order. I couldn't have accomplished this reorganization in less than five times the time without him. Edward has the talent to help managers without trying to force his opinions on them. We'd be still fighting the throes of the reorganization if he didn't have this talent. . .

We will continue to use Edward's service. We are constantly reevaluating our organization because of the constant changes in the market place. In the management development area, we lean on him to keep his programs going and make better managers of us. I prefer an inside and qualified staff expert to a management consultant, for he is available to us on a continuing basis, not just in and out, and knows this business.

Eddie, the Vice-President, Research and Development had this to say:

[E-19] There are few differences in managing research and development units from other units. Most of the peculiarities (those attributed to creative and professional people) are artificial. One thing Edward and I did was take scientists off purely managerial work, and integrated the scientist and manager into one mold. We cut fifty percent of the managers. When the

shock wears off, they will be happier. For they will gain status, which is vital to a scientist. My job was to consolidate industrial engineering, engineering, and research and development. It went surprisingly easily. We farm out many of our projects now, create group leaders, and treat the individuals with their peculiarities kept in mind. There is one scientist who detests being audited. So I go to his customers and if they are satisfied, I tell him how well he is doing. Edward was a great help in restructuring the division and we continue to use his service. Edward and I accomplished the change by talking principles of organization. Then we talked about the organization per se with no names. We did this for a year. They began to wonder what I was going to do. I was going to do little. Pretty soon they started asking why we were doing x and y projects and they were making their own suggestions of change. I didn't set up a bunch of written policies for they represented the prior ones and feared the restrictions. So the ones I wrote were positive. . .

Edward has been a big help--his courses can help teach you how to be a manager. He helped minimize the rules and procedures for me. The next project is to get Edward to help me give the younger men more responsibility. Three years on a job is enough. They need to grow. Yes the reorganization went well. . .

Everett, a middle manager in Ethelebert's division commented:

[E-20] Edward's courses really helped me structure problems, to learn to work on the problem, not its symptoms. Edward really teaches problem solving and development of management. These were means to the end. When I was given this job (Product Division), I used Edward to help me set my objectives. My area is complicated and he helped me structure the problem. By the way, I had some trouble getting to Edward. He is very busy at the top management level. He came to the meetings we set up to reorganize and kept us from going in circles. Now we're showing a good profit and we'll reorganize again if necessary.

Edward was needed to help structure the problem, develop our training program, and so now our plants and salesmen are trained in depth. Now, he sends Endicott to look at us again, especially the organization of salesmen and training of them in management. It has caused real changes in performance. Thirty-five percent of them actually used what we trained them, so we are now managing for effectiveness. In the future, we'll use Endicott and Edward. They will help us implement what we've started and stay up with changes in organization.

Finally, Egbert, a middle manager comments:

[E-21] Extram has now decentralized. Over the years, Edward's group has provided their facilities to us at the plant level and division level and we have called upon them from time to time to provide us with specialized knowledge that has been very helpful. For example, they recently did a study for us of _____ plant. They worked closely with us. They are aggressive and helpful and trying to sell their point of view to us and to management to get the optimum arrangement. Here's a copy of the most recent study which Edward helped us complete.

(Egbert presented a twenty page study which was similar to the one given by Edwina and the one Edward performed for the total firm. It used structural and human approaches.)

Feedback from the plants looks good and Edward is anxious to follow up. There is a rapport between us and Edward's group because of their talent. We sought them out and their approach was to ask us: What are your objectives? Once they know this, they follow through--they don't just leave a report like a consultant. They have helped us in training, organization analysis and other areas. Since we are divisionalized, they have trained one of our men in the use of these tools. They helped us to see our responsibilities and leaned over backwards to see that they were not doing

our jobs for us. In the reorganization, they were a great help in helping us to adjust, furnishing advice, counsel, and research to the division.

The evolution of influence at Extram can be summarized as follows:

The Director. Edward accepted the position of director of management development and then organization planning when they were unrelated and low prestige activities and developed them into a coordinated and meaningful activity to the firm.

The Superior. The present President of Extram, who after he completed Edward's course, allowed the social friendship between Edward and him develop and then encouraged Edward to expand the usefulness of organization development.

The Situation. First, when the President wanted a new structure to work with and later when profits and growth was not adequate, the President and Edward employed the organization development means to aid goal achievement.

By reviewing the activities of the department, one can assess its influences. When Edward met with the President, they created objectives for the firm that most firms would agree to in theory: effective managers, creating objectives, doing their own planning and accomplishing better results in

terms of profitability and growth rates. But what policies and programs did the department initiate and bring to fruition?

The firm was reorganized in that it was decentralized, the levels cut and structure flattened, and employees trained to manage by objectives. The President reported the following in this year's annual report with regard to this:

[E-22] Organization changes. Our divisional organization has traditionally relied on central staff departments for a variety of services. During the year, a number of these departments were reduced substantially in size, and their divisional functions transferred directly into the various divisions. Our objective is a strong, small corporate staff dealing with strictly corporate problems, and divisions which have their own essential staff services and are fully responsible and accountable to the principal executives. We believe these changes will enable us to function more effectively, yet with fewer people.

The policy changes made then were a change from a structurally centralized firm to a decentralized firm, emphasizing reliance on the individual managing his own work rather than what Edward considered excessive numbers of supervisors checking the work and excessive rules regulating the work. By this change, Edward hoped to liberate and unleash the latent energies of the employees to do the work which they were trained to do.

This complete change of structure and work environment was accompanied by substantial personnel changes, specifically recommended in his reports.

Edward suggested that the way to determine whether staff services were desired was to charge the divisions for their use to give a quantity able justification for increases or more meaningful measure for cutbacks.

Furthermore, most staff services were decentralized to the divisions (including some of Edward's own people) and only strictly corporate functions were kept there following certain criteria.

The statements given by the Vice Presidents indicated significant influence by and support for Edward and the department.

The office location and size supported these indicators of influence. Again, there is a substantial difference between the increase in influence and scope and weight of influence shown at Extram and the declining influence and plant level influence of the tactical and strategic missions. Obviously, Extram had a grand strategy mission.

Manfex

Matthew's office was located in the corporate headquarters in a large city. He was one of the thirty executives whose name was listed on the first floor index of the thirty story building. Occupying a corner suite, approximately the

same size as a line Vice-President's and on one of the two top management floor's of the building, Matthew's office was large (15' x 15'), carpeted, and expensively furnished. His secretary's private office was also large, carpeted, and well furnished. Matthew is a Vice-President, and is listed in the Standard and Poor's Index of the Top Executives of American Manufacturing Corporations (the only director so listed).

In earlier sections, the reader may have observed some indications of the influence Matthew exerted at Manfex. After all, it was the President who asked Matthew to help him restructure and motivate the company [M-2]. The mission of the department [M-7] required the director to be influential with top management, and this was exemplified when Matthew spoke of eliminating whole staff departments [M-3], changing committee structures, setting salaries for top management [M-13], placing men in key executive positions [M-13], and moving them about.

These examples of decisions involving the future of top management salary, position and future were supported by corporate statements.

In fact, the President saw the position as so influential that he made an agreement with Matthew to control it. Matthew stated it this way:

[M-16] When the President asked me to take this position, he set the following conditions: (1) to consider that this was my last job with the company; (2) there would be no further promotions or changes. He wanted continuity in the position. The President said the position would be lonely and difficult. I go to great ends to try to avoid the power struggle. I can't avoid it entirely, however, for I have to do the things the boss wants and this sometimes puts me in a difficult situation. He said that I would not be popular. Whatever changes we made, I would be blamed. But he told me that he picked me because he knew I wasn't at Manfex to win popularity contests. He said that if I held the job five to six years, the smallest chink in my armor might allow them to get me and I might be out on the street. But the younger executives would back what I was doing. To compensate for these circumstances, my conditions were that: (1) I would have the right to disagree and not be a yes man--to be able to tell him off and fight him. In fact, we haven't agreed the last seven times in a row; (2) That I could propose a man for a job even if all the other line executives disagreed and the President would back me; (3) That Manfex had no incompetent people as such, but they might be poorly trained and this was our fault; so we must train them.

When the question of the satisfactions he received in the job was given, Matthew returned to this point:

[M-17] Well, first of all, I'm well paid. I've seen instituted a lot of things that I wanted. Many may forget what I did. Others won't know what I did. For example, I made a new man a Vice-President, but he doesn't know it. I also put a man in a division head whose superior wanted to fire him. I made this move against everyone's advice and he's doing a terrific job. The executives didn't want him. I threatened to quit if he didn't get it and the President agreed with me. He'll probably be the next President of Manfex.

I have no illusions that they'll put up a statue to me. And there are problems with this job.

It's frustrating. The last time the Board Chairman had a party, I was the only staff executive there. No one would sit with us. Then one executive did and he said, "Matthew, I'll sit with you. I'm not afraid of you. I retire in a year."

When I visit a division, I try to be friendly and smile, but they're scared. So, I don't go to company parties anymore and really have few people I can talk to here at Manfex.

It can be seen that Matthew was given a position of trust and influence by the President. Later, Matthew returned to a discussion of his relationships with the President and to others in the company:

[M-18] I do the organization planning but must report my findings to the President. He makes the policy, he calls the shots, he is the only one who can sell it to the Board. After all, I am a staff man and have no line authority.

Line authority or no, his attitude towards people indicated more influence than traditional organization theory gives to a staff officer. As Matthew said:

[M-19] Look, I don't have problems working with other people. I know what must be done and I tell them what to do. They have no choice. If they want to make a change in job or structure, they've got to clear it through me and that's it.

At another point, when discussing his activities, Matthew said:

[M-20] I made a big mistake early in the game. I tried to work with the people on the job. They just fouled things up. All they wanted to do was to defend their position, protect their jobs, justify their existence no matter what it meant to the corporation. Now, its different. I work out the major change and they are presented with a fait accompli. When I tried to work it out with them, we got nowhere, for all they could see was their empire slipping away and fear for their own job.

Confirmation of his influence was given by his peer directors and department members. Behavior observed at the time of the interview also reinforced this impression. His image of controlling and knowing what is best for the company became evident in the way the policy manual was written, the way he talked and acted towards people. He argued vigorously with the President to get the new Vice-President's salary higher. When a Vice-President called to disagree with his position, Matthew raised his voice and told him in no uncertain terms that his (Matthew's) opinion was final.

While the author was reading policy manuals in his secretary's office, another Vice-President (who had been waiting) went into the office. The author heard the beginning of the discussion because the door was still open. "Look, Matthew, your ruling on my division is just unfair" he began. At this Matthew jumped up, closed the door, but the researcher could still hear the argument because both of them were "raising"

their voices. There was no doubt that they both felt sure of their positions and that Matthew considered himself equal to the Vice-President on this point.

Matthew's influence seemed to be the strongest of those observed at any of the firms visited. Matthew influenced the placement of key executives, passed judgment on organization and personnel changes. He was involved in changing the humans involved. He helped set their salaries and set up whole plants. He influenced the work environment and helped recentralize Manfex.

The evolution of influence at Manfex proceeded as follows:

The Director. Matthew accepted the position of organization development director and evolved it into an integrated program of structural reform and human changes.

The Superior. The President of Manfex because of Matthew's persuasion, developed a friendship with him and together they expanded the usefulness of organization development.

The Situation. The President used the function to help remedy the slipping market share and profit picture at Manfex.

Matthew's influence can be inferred from the changing of the firm from a loosely decentralized set of divisions to more closely controlled divisions, still utilizing the decentralization model.

His function included close control of personnel promotions and transfers at the top as well as organization changes at this level.

Matthew's ability to transform the structural and human approaches into vehicles for more effective utilization of the human resource to prevent bureaupathology was amply documented.

The President encouraged him to promote "the best man" whether the system supported him or not, to create the conditions for dynamics by building the structure alternating various functional backgrounds and personality differences of the executives.

By utilizing outside services, Matthew attempted to change the executives themselves to be more responsive to change and to suggestions of their personnel.

Influence can be inferred from Matthew's setting of Vice-Presidents' salaries, moving Vice-Presidents to divisions needing change, controlling the structures with which they worked, changing the executives themselves, all with the

support and encouragement of the President and sometimes fighting the combined influence of all the line executives.

The President entrusted him with critical organization projects such as mobilization of the war plants. His office location, size, and title supported these conclusions about Matthew's influence.

At Manfex, the President basically gave Matthew a charter of his power and limited it by assuring him of no future promotions. Matthew's age was such that the President would still be in power when Matthew retired so as to enforce this side of the charter. This would not have been necessary if there were a lack of influence. This caused a significant loss of friendship and social interaction. This was explained by Kahn when he discussed innovative roles.

To a degree the solution works, but with an almost inevitable cost. The persons who fill these organizationally created "change" roles must become change oriented to fulfill the requirements of the role. Not to do so would constitute failure; yet in doing so, such persons are likely to find themselves at loggerheads with the remainder of the organization--often including its largest and most powerful structures.⁵⁷

⁵⁷Kahn, op. cit.

Again, the contrast is clear. This department was significantly more influential on major organization policies, promotions and environment than Assembler and Remco.

These statements and confirmations reinforce the conclusion earlier that this is a grand strategy mission. Matthew significantly influenced top management and its policies on organization and the work environment, utilizing structural and human approaches.

Outlet

Otto's office was located in the corporate headquarters building in a large city. His name was listed on the index. The office was located next to the President's office (Otto's secretary and the President's secretary shared the same office) and across from the Board Chairman's. The office was richly carpeted, expensively furnished, and large (12' x 14'). Otto pointed out that the Chairman wanted him to arrange a larger one for himself when they were planning the building, but that he deliberately made it one foot shorter than those of the line Vice-Presidents.

Earlier in this thesis, some indications of Otto's and the department's influence were given. First of all, Otto knew the Chairman, had worked for him as a personal assistant,

and later created the department [O-1]. Otto indicated how closely he knew several vice-presidents [O-1--Finance, Real Estate] and how he was involved in the discussion of very confidential and significantly influential topics [organization studies and career planning of executives [O-4], policy decisions affecting division responsibility, long run planning for the corporation, and promotion at top management level. "I am the only one present when the President and the Chairman discuss top-level promotions."

Otto discussed his influence with top executives primarily in political terms. In spite of a previous fifteen minute discussion of his political strength, he later returned to this point:

[O-9] Well, there is always the possibility of getting clobbered in a management upheaval. Look at what happened to that big organization department at G.E. when Cordiner retired. But people here respect me, though not all of them like me. If a management upheaval came, it is only vaguely possible that I'd be out. Besides, that's no worry. I get offers all the time. I don't worry about it. On the positive side, my three ex-bosses will back me. I knew that the division real estate director would be retiring. With the large expansion we are undergoing, it needed reorganization and he asked for us to do a study. When we agreed, we covered manpower needs including the new director. We said it needed a more high-level guy and when asked for a suggestion, I recommended my boss and he got the job. I suggested my second boss for the head of a new division and he got it. The third boss gave me strong backing and so do many of our clients.

Later, in comparing other organization department directors to himself, Otto said:

[O-10] The difference between other organization directors and myself is that they are clearly out of the political swim. To take a position, the staff man must take his lumps and fight it out. . . we can be yes men and dead, or be courageous and get something done. I'm not listened to because I report to the **Chairman**. I never pull rank or drop names, but try to convince people of my position and support the right ones. One political problem I have is that when you hire people who want to go up, they will feel self-confident about their position. You can't take sides just to take sides--that's too political. I have good support. When I was in Planning, I had three Vice-Presidents who knew what I could do. I don't agree with Matthew about trying to stay out of politics. I'm the only man who knows how people feel about each other around here. I can act at the top level and few organization departments are really in with top management like I am--most of them work at division level.

Otto was confident of his ability to influence other executives:

[O-11] We have had trouble using consultants who tried to use organization theory. We've never had them back. Organization development is not a bunch of principles, it is not a group of psychometric interrelationships, it is a group of people who think about business realistically. I knew Doug McGregor. You can't organize by this theory or by organization studies done in a lab, nor the principles pushed by the N.I.C.B. Organization planning is a picture of the company today and five years from today. What you need in this work is common sense, business sense, not just book knowledge. I have good intuitive sense. I know what's wrong, after all, I'm forty-four and you develop knowledge about organization in these years. I know this company and

know what organization does to people. If a Vice-President is not cutting the mustard, restructure the department to get him out of the way.

Otto described how a staff executive's influence is limited when discussing his job satisfaction at Outlet:

[O-12] It takes a different type of individual to get satisfaction from this type of work. You don't get pats on the head. The fact that you sense and know that you have the confidence of top management is the satisfaction. My boss rarely tells me that I'm doing a good job. I know that from the fact that he calls on me to answer the types of questions he does and involves me in these decisions and this gives me satisfaction. Some people need the type of satisfaction you get from being in top management like being a Vice-President of Manufacturing. They get their names in the paper often and lots of people tell you you did a good job. I get compliments on what my men do, when they try to hire them away. It comes to me because the President is on this floor and I have free communication with him. I get satisfaction from the fact that Vice-Presidents tell me about their problems and how my man has gotten to the nature of the problem.

Yet it is frustrating to work as a consultant or staff man. You don't always get immediate results--you see empire builders and try to stop them and when you do so, as you do in daily life, it hurts your social life.

Oh sure, I have a nice office and view and good salary increases but these aren't important. My real satisfaction is knowing the struggle is worthwhile. You see your suggestions becoming decisions. You see your boys regarded as the most effective and aggressive staff group, getting accomplishments and fighting for our decisions, but you are also damned as an S.O.B. Ninety-five percent of organization jobs are not effective--they are just rubber stamps, job description writers. So the best ones want to come to work here. I'm not anti-social, but I don't live where the rest of the Outlet executives live. You see, I have the

same problem the Controller or the President has--
I know inside information and can't reveal it.

Otto feels he is influential, but longs for a position where he could make decisions directly:

[O-13] I'm not satisfied just to stay in organization development work forever. I'm too interested in the mainstream activities. Counseling is hard work. There is constant tension and there are never any dull moments. But a guy needs different kinds of challenges, so that he doesn't get too personally involved. Someone else should take the time to handle this responsibility soon.

There are problems of handling confidential information.

[O-14] In this job, you must be a professional. You must retain confidences and you can't be an informant for top management even if they want you to be one. While doing a reorganization of the merchandising division three to four years ago, the manager wanted to know what I found out. I wouldn't tell him. The point is this: I'll help your development but there are ground rules. If you disagree, I'll help you document your position first and then later present my program. This is not a political stab in the back. If we agree, I'll support you.

We will not reveal the details of the study, only such things as whether we're on target date. When we're ready to make a presentation, they'll listen--maybe disagree and if so take the decision to top management. We keep confidential records on all executives. You must be careful.

Otto discussed his frequent luncheons and interactions with Vice-Presidents and seemed rather open in his discussions of his political strategies.

The fact that he has the authority to review and to some degree control organization and policy changes gives us some insight into his influence, as does the maintenance of and growth of his department. As Otto stated it:

[O-15] I review organization changes because they are important. They must submit them to me prior to any change, but I try not to appear to control the change as such. So you see, I'm involved in major reorganizations here at Outlet. I took the initiative in suggesting a split between sales and merchandizing, and in helping reallocate responsibilities of the Board Chairman and Chief Executive Officer. Just last year, I was reporting to a Vice-President of Planning and Research, now I report to the Chairman. I can point to accomplishments in policy planning, systematic organization planning, and executive development--all adding up to the proper administrative atmosphere of creativity. I have been an effective catalyst for policy coordination to the divisions. When departments disagree, I help decide who will handle the new function. I am concerned with effective communication, the proper integration of the individual with the organization throughout Outlet.

For the most part, key executives are involved. When I help reorganize a corporate department, we are working with functions, but not only functions, people too. I get to know this executive as covetous or cooperative, careful or loose with his staff. In any case, I help evolve a position by sitting down with the top executive, making sure that there are separate responsibilities for this new position and a chart position for it. When we wish to make a change, I go over it with him and reassign the function elsewhere.

Just the other day, a corporate staff department head came to me and said that he wanted to add three men to his department. I said, "Nonsense--this is completely divergent from your field. It will add to conflicts in X areas and with Y departments." So you have to clobber

a guy like that--he's just an empire builder. Really, we are dealing with top management problems and one real concern is to maintain the unusual atmosphere of an ethical and open environment.

In running this company, the top executives have given me assignments that show that I as a person have done well. I am not concerned for my future. I could easily become a Vice-President of a subsidiary or an officer. Organization development for me is the type of position you go in and out of and try to nurture a relationship as a consultant. You can become interested in and knowledgeable of the company this way. We must operate in a special way here to be effective. We can't be authoritarian. You must be a special kind of guy. We must follow policy exactly to set an example. We can't leave early. We must not exceed standard office sizes or expect special favors. . .

In this kind of work, some men require a lot of ego satisfaction. Some are political and ambitious. Others are professional. This staff versus line stuff is all nonsense. How you act influences and affects the function.

At Outlet, the evolution of influence followed this pattern:

The Director. Otto accepted the directorship and moved the department from organization studies alone to consideration of many problems in the managerial process including personal growth, value preservation, creativity, and organization dynamics.

The Superior. The Chairman hired Otto because of his past dealings and friendship with him and together they evolved the broader scope for organization development.

The Situation. The firm's profits and growth were inadequate because of a changing market place. Using Otto as an inside consultant helped Outlet back to much better growth and profits pictures.

At Outlet, Otto was concerned with monitoring and controlling the direction and growth of the organization structure of the firm. Outlet was expanding rapidly and Otto had to see that the growth was a profitable and useful direction for the firm to go.

Otto was involved in promotion and moving top executives at Outlet, being the only executive present when this subject was discussed by the President and Chairman.

Since he was playing the role of devil's advocate, he brought projects to the President such as changing and evaluation of divisions and functions. He helped make decisions that involved allocation of resources and functions, such as determination of warehouse function and centralizing purchasing.

Otto could question the performance of a total function, such as the effect of the budgeting function on creativity.

Finally, he was involved in the preservation of the values of the firm by clarification of the firm's policies.

Thus, Otto made some major organization structure changes but he did not propose a shift such as Extram and Manfex because he was satisfied with the basic plan. His suggestions of emphasis of new functions to infuse growth (such as the research function and expanded real estate function) are examples of major organization emphases.

But of equal importance was the development of top management talent by effective promotion and mobility patterns and the evaluation of all changes in light of the corporate values.

He was reevaluating the company's policies and involved in long-run planning. These indications of influence on policy were reinforced by his office location, size, and decorations.

Otto was also involved in the top political struggle at Outlet. Otto contradicted himself on this subject. At one point, he criticized his peer directors as being ineffective because they would not fight the political game. On the other hand, he criticized the personnel department for "playing too much politics." Here was a man who stated openly that he was "on the make." He could and did recommend his friends for promotion to Chairman who apparently trusted him. In Otto's case, he suggested and was involved in

appointing many of the current Vice-Presidents and retiring others. Is it not possible that he was protecting his future by helping create his own "team"?

But again, the reporting relationship and policy changes and growth of influence contrast sharply with the picture at non-grand strategy departments.

Otto's influence with top management was also confirmed by discussions with peer directors too. It was also confirmed by the fact that several times during the interview, Otto left to go to the Chairman or Presidents' offices.

One can infer significant influence then from Otto's office location, his interaction with the top executives of the firm, growth of his department, and especially from the decisions and policies he was involved with: changing corporate policies; executive placement; allocation of responsibilities to Vice-Presidents and divisions. All of these indicate a mission of grand strategy.

Tractem

Tractem's corporate headquarters was located in a small town. It was noted that Thomas' reserved parking space was located in the Vice-Presidential area. His office was located in the Personnel Department area in the same building

as the President, but not on the same floor. It was moderate in size (12' x 10'). The departmental offices including the conference room were located next to Thomas'. Thomas' office was modestly furnished and was not nearly as imposing as the Vice-President of Personnel's office.

In the earlier portion of the thesis, some indications of influence have been presented. In [T-1], the current President had been the first director of the department and Thomas was with him at the beginning of the interview. The mission statement [T-2] indicated that the department is directly involved in formal control of organization change and executive preparation.

Thomas' human relations orientation expressed so frequently above insists on the competence of the manager and the worker to do their job, given an understanding of the process involved. Yet his mission [T-2] calls for adequate controls in the forms of charts, costs and files, clearly defining authorities and responsibilities. So managers must be brought to his office to have the environment to settle the problems and the executives must be brought to realize [T-4] the interrelationships. The extensive use of charts and forms indicates some concern for control aspects of the

function. In the activities descriptions, [T-5] the terms "work with management" are used, but so are "insure that each results in appropriate. . ." [T-5]

Many reports, forms and approvals must be received and given by the department prior to line action in these areas.

Several references were made to the process of inviting Vice-Presidents to the Department's conference room and Thomas would attempt to solve their organization problems with them. For example:

[T-17] My satisfaction comes from helping others work out their problems. For example, recently one division was having problems. They were losing competitive supremacy in their area and we felt something was wrong with their management. We asked them to come in and helped them evolve a new structure and atmosphere. They are on their way again. Only time will tell, but the feedback of how well our suggestions are working out is our chief satisfaction. It's not like being a consultant where you are in and out and never see the long run results. It is a real thrill to come up with a new way of doing things that permits the energies of people to be released and used better. We also move people around and get satisfaction as we see them doing a new job, and see new people blossom out.

At another point in the interview, Thomas said:

[T-8] When a division has an organization problem, as they see it, or when I see it, I invite them to come here for a meeting. When the group is here, I introduce the problem, then sneak to the back of the room. It is vital that you make the problem description come out of

the executive. It is garbled if it comes from me. As a staff executive, I can't tell them to do anything. So why try. I get them to talk about it, prod them, and then help when technical advice is needed, all in a permissive atmosphere. When I do talk, I spend a lot of time trying to get them to understand the interrelationships of human activity. This takes time and is not easy, but luckily we're not bucking tradition here at Tractem for _____[the founder] stressed this from the beginning.

The fact that the department could bring top executives to its offices [T-1] to work out organization changes was indicative of its influence. The state of disarray of the conference room showed that this activity was a continuous one.

In discussing Thomas' interaction pattern, it has been pointed out that there existed a close informal relationship with the President, and his recent support of the department's mission by doubling its staff gave further evidence of this.

Thomas gave several illustrations of his relationship with the President and influence on the company policies:

[T-9] You spoke of what activities and accomplishments we had achieved here. As I look back on it, from 1954-64, I spent seventy-five percent of my time with the President and the top Vice-Presidents listening to their organization and people problems and counseling them on how to solve them. We would discuss how we could organize their division better, how to better identify, use, and improve the talents of their people.

The other twenty-five percent was spent solving major reorganization problems. In these cases, the executives knew they needed help and came to us for help to change the structure, relationships, and people.

He illustrated what these meant in terms of action on policies later:

[T-10] Last year, when the present President took over, things really got busy. From his experience with this department, he knew he should sit down with the Vice-Presidents and take plenty of time to reach understandings of what the spheres of activity for each division should be involved in, all of this taking place in a sharing and permissive atmosphere. The President and I ask each Vice-President what responsibilities and authority he thinks he has; and given those, what plans, objectives, and short run goals he has set to fulfill his responsibilities. It is vital that this process begin at the top or it will not be performed at the bottom.

Furthermore, there must be an understanding in this group of the interrelationships among their spheres, yet at the same time, minimizing the overlap wherever possible. A large part of my time is now spent as a participant counselor in these meetings. It's a wonderful position to be in. The President understands the need for this activity and is making it possible.

This influence was shown in a unique way by an examination of the company's Annual Report in 1959. For the first time in its history, the firm included a six-page description of a function it performed--organization development.

Excerpts from this follow:

[T-11] In the highly competitive business world of today, a company's profit-making ability can be only

as great as the combined skill of all the men who manage it--from the newest foreman to the President. For this reason Tractem has never left the development of its management men to chance. Accent on management training has been a vital part of Tractem policy for more than fifty years. And the company believes that all the time and money it has spent in developing management skill has been wisely used. . .

These are the reasons: The projected growth of the company will require more and more managers. Tractem's movement toward more decentralized operation with individual profit centers generates a need for managers with an extremely broad knowledge of the business. Tractem's policy of promotion from within, wherever possible, brings with it an inherent obligation to develop talented managers from the company's own ranks. The increasing complexities of business management are producing a growing need for the "professional" manager, equipped with skills unlikely to be gained without directed development. Here is a brief report on how Tractem acquaints its younger men with modern management techniques and passes its management philosophy on to them.

Gauging the Man

Tractem's program of developing the abilities of its managers is based on a continuing inventory of management skills throughout the company. The work and capabilities of every one of Tractem's five thousand managers are appraised in a formal way each year. . .

The qualifications of every manager are recorded by the organization development department at headquarters. Thus the individual appraisal system makes it possible to review Tractem's entire management organization in an efficient way. Upon request, the corporate staff group can suggest qualified candidates for any management position open anywhere in the company.

Through these appraisals, Tractem is able both to forecast its management needs of the future and to make long range plans to fulfill them.

[Note--a picture of organization charting was placed here together with comment--"Management inventory charts aid organization planning."]

The Tractem Manager's Individual Development

Although management skills and knowledge are most often gained through day-to-day work experience, they can be developed in many other concrete ways. A large number of Tractem managers regularly attend in-plant training courses. Most attend through their own initiative. . .

Throughout his career, the Tractem manager has full opportunity to further his individual development. The degree of his willingness to work and to learn is his only limitation.

The Profession of Management

Both the philosophy behind Tractem's way of doing business and the basic principles of scientific management are being communicated to Tractem managers in plants and offices everywhere through a new program called "The Profession of Management."

A genuine innovation, "The Profession of Management" was developed by Tractem in collaboration with Mr. Louis A. Allen to suit the company's particular needs. It uses the movie-conference method of communication, hence can be presented to many widely separated groups at the same time. The opening film pictures all divisions and subsidiaries of the company, how they operate, and what they produce. It is designed to help every Tractem manager relate the work of his own unit to that of all the elements that make up the company.

Six working films then set forth those management skills which experience has shown can be taught--planning, organizing, motivating, and controlling--and how Tractem believes they should be applied. The showing of each film is followed by conference sessions in which specific management principles are applied to local plant and office problems. The senior management

man of each group conducts the conferences. The program is being presented to managers at all levels of responsibility, both in the United States and abroad. With its fresh, stimulating approach, it is already showing itself to be an excellent management development aid. . .

This department's influence seems to be increasing. As Thomas said:

[T-12] One project we are about to bring to fruition is a meeting in two months of the top ninety executives in Tractem. In this, we shall review how we ought to be organized, as opposed to how we are organized. To prepare for this, the past month, I've spent my time getting statements of position on this from all the Corporate Vice Presidents. This week, in my conference room, the Executive Vice President and three Vice Presidents were here setting up a proposed new division with me. Organization is an inherent responsibility of the President and it is most desirable to have a President who is organization conscious.

Well, I've been working with these top executives to get their thoughts arranged about: the present formalization or our organization, and an understanding both on the part of the individual and the group of their leadership potential, and finally, the changes the President and I want to make in the organization structure.

This inside knowledge of organization change and the knowledge of his influence had a cost to it for Thomas.

[T-12] One thing about it, you can't avoid the kidding. When I come around, they expect changes and they yell out "Here comes the king maker." What is worse, is that when you are in a group or gathering, you are inhibited. You must keep most changes in confidence, for once a breach of confidence is made, you're sunk. I prepare all the President's announcements, know what's coming up, and can't comment when people try to find out. It influences my life. It's a real sacrifice

in a small town like this. I had to give up all close friends and can't encourage friendships for soon the time comes when they want to talk about corporate moves. They fear for their own future or a friends and may feel I can influence the process. I can't even let my wife and kids know, can't explain it, for they may slip. When you go to lunch, the tax man can talk about his work. I must talk about the baseball team. I can only get advice, help, and friendships in the organization association. There I can get specific and talk shop. But, like tonight, five couples are coming over, four of them are Doctors. I can't talk shop like they do, for part of what they and merchants sell is gossip.

The evolution of influence at Tractem followed the following pattern:

The Director. Thomas suggested the function and helped evolve the department to more than the structural approach. in a conservative company.

The Superior. The present President with Thomas created the department and was its first director. Since assuming the presidency, he has greatly enlarged its scope.

The Situation. The problem of growth of a relatively small firm in an industry of giants with squeezed profits and with long tenure management retiring has existed. Organization development helped it solve some of these problems.

Indications of influence have been given in the data. Thomas helped the President to restructure this company to a different approach to its divisions, which slowly decentralized the firm. Along the way, Thomas helped in the training and

development of the executives who now had more potential influence in the firm. He substantially changed the firm's approach to managerial resources and development of executive talent, held meetings in which division objectives were set and in which the division was restructured and position holders assigned.

Clearly, the President's doubling of Thomas' departmental resources did not indicate a lack of influence.

Thomas' office was modest but the department was getting a new suite of offices as it was expanded in size.

The evidence seems clear. The director and his department have influenced the restructuring of the corporation since 1956, both with the Presidents and with Divisional Vice Presidents. They also influence the career development and promotion of key executives. The department is pursuing a grand strategy mission and the President is broadening the Departments influence and increasing its size.

Comparison and Analysis of Influence

in the Firms

This chapter has presented the data on the influence of the departments. Corollary III found support in the data. The continua on influence appears to be as follows:

Influence

<u>Grand Strategy</u>	<u>Strategy</u>	<u>Tactics</u>
Coman		
Extram		
Manfex		
Outlet		
Tractem	Assembler	Remco
Influenced:		
Structural Policies	Structural Policies	Structural Policies
Work Environment Policies		
At: Corporate Level	Corporate Level	Unit Level

Influence is the process by which an individual or group induces those with the power to make decisions to change their policies to agree with their suggestions. The weight of the influence could be measured by an analysis of the policies actually changed; the scope of influence is measured by the range of values accepted and the domain of influence as the set of individuals (in specific positions) whose opinion was changed to fit our policy preconceptions.

Most of those who had previously written on this subject felt that these departments performed menial tasks at the bottom of the pyramid. But these opinions were not confirmed

by their own (or others) empirical or behavioral evidence, but by their "experience and judgment."

It seems that their judgment may be correct in the case of the tactical mission. But even in this case, they did not seem to consider the possibility of the evolution into a strategic or grand strategy mission. Such an evolution took place at Extram when Edward mobilized support for his new environment for that company from a mission of unrelated organization studies and management courses probably a tactical mission. An evolution at Outlet took place from organization studies that could show dollar savings to broader studies involving the managerial processes of the firm. In Manfex, a department that was primarily management development evolved into a unit concerned with the development of a dynamic organization staffed by effective and dynamic position incumbents. At Coman, Charles waited six months before a customer appeared. He began at the plant level and performed detailed and specialized compensation services but evolved the department into one involved with the changing the ways Coman organized its human resources. Cases were also presented where the department did not evolve. At Assembler, ten years have passed and if anything, the department is losing influence.

At Remco, three years have passed and Ronald continues his plant-level organization studies.

There is no question that this evolution involved combination of factors: a director who can portray the possibilities of the department, a superior willing to be convinced, and a situation presenting a problem which the superior and director see as potentially helped by the department.

What has been shown then is a set of patterns in which the directors with a grand strategy mission have evolved their missions and therefore their rank is high in the firm, observable because of their close association with their Presidents and top Vice-Presidents, and therefore they maintain a position of centrality in the firm.

The scope of their influence, and its domain have been broadened so that they are becoming more useful and helpful to top management. The history of ever widening successes has enabled them to build their influence base widely as Charles and Edward and Thomas are doing. It seems reasonable to expect a more influential future. In the case of Otto and Matthew, if their "power base" retires, they may be hard pressed to keep their influence at the same level but are quite influential at present.

Hypothesis II stated that the more closely the departments approximate the grand strategy mission, the more effective they will be.

It is felt that this has been demonstrated in this chapter. As the departments evolved their missions toward grand strategy, they had the potential to influence top management. The solutions they presented seemed more meaningful solutions to top management than isolated plant organization studies. The organization problems mentioned in Chapter I seem more amenable to solutions presented by a multi-approach attack than structural analysis alone. This helps explain the greater scope and weight of influence given to the department and therefore the greater effectiveness of the grand strategy departments. As long as Edward concentrated on structural analysis alone, he could not formulate the comprehensive program of organization change which the President approved.

Moore's statement that top leaders are not interested in organization structural analysis alone seems more than ever true.⁵⁸

⁵⁸ Moore, op. cit.

So, measured by the scope and weight of influence, the more closely the department approximates the grand strategy mission, the more effective it is.

In the next chapter, the nature of the accomplishments of the departments will be analyzed.

CHAPTER VI

THE ACCOMPLISHMENTS OF THE DEPARTMENTS OF ORGANIZATION DEVELOPMENT

This chapter presents an analysis of the nature of the accomplishments of the departments. Corollary IV of Hypothesis I predicted that the accomplishments would be stated and measured differently in the three missions. The accomplishments of the grand strategy departments will be stated and measured primarily in qualitative terms. The tactical mission will present accomplishments measured primarily in quantitative terms. The strategic mission accomplishments will be a mixture of both. By an analysis of the accomplishments of the departments, it will also be possible to comment on the department's effectiveness. Then, Hypothesis II can be tested as well.

The chief sources for new data were found in response to the following questions on the interview schedules:

Schedule 1: 5; 12; 13; 15; 16; 26; 27; 28

Schedule 2: A; F; H

Schedule 3: AA; DD; HH; II; JJ.

Of course, appropriate data given in earlier chapters will also be used.

DATA OF THE ACCOMPLISHMENT PATTERNS OF THE
DEPARTMENTS OF ORGANIZATION DEVELOPMENT

Remco

It is clear from all of the data on Remco's department that it pursues a tactical mission. The accomplishments claimed by Ronald were all quantitatively measurable.

When he spoke of his accomplishments, Ronald used such statements as:

". . . cut twenty percent of their personnel. . ." [R-1]

". . . consolidated their facilities into one plant. . ." [R-4]

". . . cut overlap in this area. . ." [R-4]

". . . I reduced the staff from 173 to 134. . ." [R-5]

Each of these accomplishments can be quantified into dollar savings. He gave no examples of accomplishments that were not quantifiable. At Remco, it is clear what Ronald was expected to accomplish and at what level. He could specifically define his accomplishments in quantifiable terms.

Thus, Remco definately fits the model of a tactical mission in terms of the quantitative measure of his accomplishments.

Assembler

In earlier chapters, Assembler has been shown to have a strategic mission department. The accomplishment pattern of this department was a mixture of qualitative and quantitative accomplishments as predicted in Corollary IV.

Arnold discussed the department's accomplishments several times. First of all, Arnold said:

[A-2] We help them [the divisions] set up organization controls, delegation authority . . . sound organization structure.

The end results of these accomplishments is that the department produces, with the divisions, charts, manuals, forms that induce relatively specific results. But the department itself rarely does studies with the intent of specific personnel cuts as was true with Remco. The accomplishments are not as qualitative as that of the grand strategy missions however.

The only accomplishment he specifically listed was the implementation of the decentralization program in 1956 [A-1].

The others were simply a listing of the discrete functions they performed:

[A-3] "I meet frequently with the executive committee when they review their plans."

[A-3] "When top management is considering a plan, they ask us for a report of the long run implications . . ."

[A-6] "The department maintains the corporate organization manuals. . . The corporate instruction manuals."

[A-7] "We do service work such as keeping their manuals up to date, checking titles. . . and organization studies to consider new structures. . ." Rather specific accomplishments could be given in a daily report for these services.

[A-10] "All organization changes of a significant nature must be cleared by us. . ."

[A-12] "Some of our time is used to review all organization changes. . ."

Their accomplishments seem to be only responses to the call of the Policy Manual to duty:

[A-6] "It will issue all policy statements. . . it will specify the powers reserved. . ."

[A-6] "The department will issue manuals of proper nomenclature, position titles, task descriptions. It will be its responsibility to control organization changes."

Thus in Arnold's case, he could point to a manual as an accomplishment, or a set of endorsement or deviance

letters with respect to an organization change as evidence of what was accomplished. The department produces manuals, policy statements. They are called upon to do some rather specific activities that are possible to measure to some degree. Yet they are not as measurable as X people cut from the payroll.

The accomplishments of the department again fit the strategy mission model.

Coman

From the beginning of the statements at Coman, one would expect a different kind of accomplishment than was seen at Remco or Assembler.

The statement of the original mission gives some indication of the focus: "assist in evolving and implementing sound principles of motivation, management and organization . . ." [C-1] Although initially using specific functional activities as modes of operation, it was obvious that their objective was to influence people to operate a specific way. Thus organization development activities were only a means to an end and this end is only qualitatively measurable.

When speaking of accomplishments per se, we see the department talking in different terms from the strategic or

tactical missions:

[C-2] ". . . creating the conditions such that group relations are supportive. We are interested in persuading Coman to change its attitudes to Theory Y . . ."

The client of the department [C-9] saw some of their accomplishments as:

". . . Each one tends to take from them according to his particular needs . . . such as discovering that leveling with his people is an effective way of increasing real communications . . ."

When Charles spoke of the department's accomplishments, he listed qualitatively measurable results:

[C-12] I can summarize our accomplishments as change in the mode in which Coman operates in the following way. We withhold no information, yet confidential information is as safe with the newest member of the department as it is with me. In these years there has never been any misuse of such information. Even the newest members of the department are fully aware of the environment in which they are operating. If there are financial or other problems which might affect our operation, such problems are freely discussed. As a consequence, for example, when it becomes time to budget against a tight year, we have no problems. When it becomes time to reduce expenditures, to curtail programs, or to expand them or increase them, everybody is fully aware of what is going on.

Each man has helped set the departmental objective and then set objectives for himself which, if achieved, would contribute to achieving the departmental objective. The manager is available to him, as is everyone else, for help, but he sets his own deadline, plans his

own work, and works his own way and thus we effectively plan our work. In communicating and setting the example for free communication within the department and outside of it, I have a primary responsibility. If I don't communicate, nobody does. If I don't insist that people communicate, communication falls off and this has been an important part of our contribution. When we approach a problem, it is his individual responsibility not to recommend a solution to me, but to help the people involved to solve their own problems and they can and have done so. . .

This is the change he feels he brought about in his department and some others. He continues:

[C-13] What kind of "organizational" behavior has our program produced? Since there aren't any secrets, nobody spends any time ferreting them out and secrets have no status value. Not a single confidence has ever been violated. Everyone is reaching for new work and everyone believes he can do more. Everyone is aware that there is only so much work and that adding unnecessary people only lessens the challenge and opportunity for each individual. Everyone is aware of the fact that there is only so much money to go around, and that adding unnecessary people (or tolerating substandard work) simply lessens the financial rewards which are available for performance and contribution.

Everyone has had to learn to communicate for himself, and incidentally, to learn for himself that busy executives appreciate clarity, brevity, honesty and are impatient with inconsequential matters. New ideas are constantly being generated and intergenerated because each man is interacting freely with others in the department and in the Corporation at large. Nobody has to study me for acceptance. They are far too busy studying real problems and working with managers to help managers solve problems. (We don't solve them for them.)

In short, the organization is alive, dynamic, flexible, and vitally interested in achieving the goals that

have been set. The standards of expectation in this kind of operation are very high. The manager here has a very positive role. It is his job to be the principal upward influencer. It is his job to constantly seek new innovative ways of applying these principles, not only in his organization but in the larger organization.

Looking at our own operation in terms of more conventional results, we can show examples of actual departmental expenditures slashed thirty percent in the first full year of operation. During the first six months of operation, the department had one "customer" on a project basis. By 1961, our department had thirty-eight projects in operation covering compensation systems and procedures, organization studies, personnel and managerial consultation, and pilot applications of these same principles to line operations. But this did not seem to be what they considered important. They felt these accomplishments would flow from their major accomplishments--a change in the mode of operations.

Charles then provided examples of functional accomplishments. These were contained in his progress report to Management.

[C-14] In the area of compensation services, we see the following:

Review the Exempt Salary Program (including the _____ Plan) with Corporate, Divisional and Departmental management to see if it: (a) Is understood; (b) Is meeting their needs; or (c) Should be changed to meet a specific need.

This objective was not quite completed last year. Discussions with Division Presidents, Division Salary Administrators and some General Department Heads indicate that the range controls and performance guidelines are becoming better understood at these levels and meeting needs wherever the program is permitted to function

naturally. There is some indication that the control aspects of the program are not so well understood at the corporate level. An over-all impression drawn from discussions with divisional salary administrators and supported by information analysis is that salary administration within the operating divisions has improved remarkably in the last year.

Other specific accomplishments in the area of organization services were given:

[C-15] Program Report to Management:

In assisting with organization planning, try to emphasize that planning organizational relationships is far more important than the traditional structure planning. Strive to make managers aware of the well-documented fact that changing only the structure of an organization or shuffling the boxes on the chart may change the nature of the problem but is not a prescription for better performance. We are encouraged by the opportunities they have had to participate with various managers and their organizations in working through organizational relationships as part of organization change. Typical experiences has involved changing from man-to-man to team operations; providing systematic ways for groups in conflict to mutually explore specific areas of conflict; and assisting organizations to restructure and reorient themselves from the inside out. We believe that there is room for much more of this in our current organizational system.

Be especially alert and receptive to managers who are willing to consider alternative strategies to the traditional "surprise" approach to changing organizational structures or assignments. We have had some very productive experiences in this area. Each situation has been different, but all have begun with a manager who has decided that change is needed and wants to explore alternative methods of bringing it about. Different degrees of openness with and advance involvement of the people to be affected have been employed.

The consensus of the managers has been favorable toward the results of such experiments.

Devise some practical ways of introducing concepts to seeking managers and their organizations which will shorten the time gap between acquiring knowledge and experimental use of such knowledge in improving organizational performance. The group has been experimenting with several approaches to this problem. So far, the most practical solution seems to be the introduction of ideas primarily as they might help in the solution to a real and specific problem. We conclude on the basis of present knowledge that there are few, if any, short cuts to understanding and operational skill in this area.

Encourage managers to communicate the results, (good or bad) of their experiments and innovations in management practice. Although some of this has been done, one of the problems has been the time which must elapse before a manager and his organization can decide whether or not the experiment has been successful or unsuccessful. In at least one case, the organization involved didn't realize the experiment had fallen short of its objectives until they decided to document its success (after which they started over again and now feel that they are achieving that which they set out to accomplish).

Encourage the wide distribution of all kinds of organization charts, emphasizing their primary value as a communication device. One of the central dilemmas here involves the timeliness of charts. A good analogy would involve the construction of a timetable as compared with the actual scheduling and running of trains and planes. Organizations tend to want to delay the issuance of charts in anticipation of changes which are always about to occur. As a result, many charts become badly out of data and ineffective in telling those who need to know who is formally responsible for certain activities within that organization. A second problem involves charts as a reflection of status rather than as a communication device. The department hopes to achieve a better mutual understanding with divisions

and other general departments in this area during the forthcoming year. This, in turn, should help us improve our performance in chart maintenance.

Similar expressions were used with reference to other services. But notice that these accomplishments are stated in terms of systems ". . . better utilization of the human resource. . . effective way of increasing real communications. . . or get help in solving some particular problem . . . they just want to help . . . they are set up to counsel and give assistance. . . we think that we did the job of reorganization with as little pain as possible with their help."

In [C-10] Charles describes change in behavior of organization members to Theory Y as an accomplishment.

Specific accomplishments were given in [C-13] to include:

exempt salary program is understood. . .devise means to minimize misunderstandings and conflicts arising from salary authorization. . .devise better exempt salary data. . .assist managers in application of sound salary processes. . .emphasize organization relationships, not structural planning. . .better approaches of announcing organization changes

and so on.

Clearly, we are not dealing with the same types of duties and accomplishments as Ronald's cutting twenty people at Plant X.

Rather, they are qualitative changes that are likely to pervade the total organization, not just one department, and are only qualitatively measurable directly. As Charles stated it in [C-11]:

. . .we are told our principles are having an effect. . . But since our role is catalytic. . . our results can't. . . be measured by anyone but the people we serve.

Charles presumes that his services will lead to measurable results. [C-11]

. . .In profit oriented terms, we are convinced that an organization operating with these principles can operate with fewer people, lower costs. . . .

But note that these flow from decisions and actions of the line managers, not of the department. Thus its accomplishments are no less real than Remco's but are not directly measurable in quantitative terms. Coman again is classified as pursuing a grand strategy mission.

Extram

Although initially the department at Extram focused on specific activities [E-2] "gave courses on principles of management. . . published directories, did studies. . . ." later on they focused differently. They discussed different kinds of accomplishments. Some include:

[E-5] ". . .In the last four years, we changed the organization structure and management of our firms. . .dramatic changes in the use of human resource. . .stimulated the desire for change. . ."

Edward elaborated on these accomplishments at one point.

[E-23] I felt our problem was that we had too many layers of management in the hierarchy. We needed to substitute the concept that everybody manages for taking all the problems to "the manager" and then in each situation, he "solves" the problem. So, I said: why not take all operating people and teach them to manage? Three years ago, I started in one plant to put together a set of concepts to reorganize this company. We used a set of tools to teach them the basis of management and problem solving. We used this and gave the operating people no foremen, no technical people to solve their problems, and just a few administrative people--one for finance and personnel and one for professional skills--research and development, engineering. We specifically wished to avoid the typical compartmentalizations of skills. We organized for specific projects. The whole plant had only eight administrative people and the operating people. There were no foremen. They had only shift managers, one for each shift of six hundred people. This contrasts with the normal plan of twelve foremen, assistant plant manager, etc. We operated the same business with one-third less operators and one-half of the administrators as comparable plants. This was possible because we taught them how to manage, to solve their own problems, do their own training. They don't look to staff now. The operator holds his own meeting with local employees. But with this emphasis, we attracted better employees at the same wage rate. The people are proud of their role, for they are managing their own work in a fluid organization.

After this plant, we began the same program in our older plants and with the same results, a more flexible organization and one-half to two-thirds fewer administrators and managers. Our technology allows greater freedom to leave the work station. So they can have their own meetings, solve their own problems.

Management's reaction was mixed. We were centralized and many hoped it would fail so they could "help us out." But we sold top management on the savings, by pumping them with information and facts for one and one-half years. They gave us a chance but watched us all the time.

In the _____ plant, we reorganized and cut hierarchical levels from six to three, and minimized necessary controls. Extram had books full of formal controls. These procedures just restricted the people's freedom, but our procedures now just state the intent--not the steps how to do it. In our newest operation, we have used thirteen separate buildings to get this independence and diversification. Our total costs have been lower, even with higher wages. The unions were very cooperative. We let turnover take care of excess workers and the majority were better off. We had an easier time changing the unionized plants than non-union, because we had only a few contacts there.

We made these changes by giving in-plant training on attitudes and beliefs regarding each man being a manager. Each individual received two weeks of this, but the real learning took place on the job thereafter. The emphasis was to create self motivation and self evaluation..

We did this plant by plant. Then we decentralized the corporate headquarters once the profit and satisfaction of employee potential was realized by the management.

So we took individualized staff tasks--organization, management development, compensation--and took them out of the business of just creating big files--and got them into the process of changing the corporation. Organization as such took its rightful place as an integral part of this process. It cannot be ignored.

In a summary later, Edward said:

[E-24] In the last four years at Extram, we had to change the organization structure and management of our firm. We needed dramatic changes in the use of our human resources. We needed to stimulate within them the desire to change. Organization is an important part of this change process.

Eddie, the Vice-President, Research, started the interview by saying:

[E-25] I agree with everything Edward's doing. After all, I have been trying to get them to do it for twenty years. All this company needed was effective managers and organization and it will be rolling again. That's what he is trying to do.

Ethelbert said:

[E-26] I couldn't have gotten my division in shape without Edward. He helped me move people, get a better organization, train those who needed it, but most of all, helped me plan and smooth the change I needed to make when I took over six months ago.

These statements of Edward indicate an approach which is not primarily quantitatively measurable:

[E-22] We minimized the necessary controls. . . the books full of formal controls and procedures just restricted the people's freedom. . . total costs were lower.

.

So we took individualized staff tasks-organization, management development, compensation and took them out of the business of just creating big files and got them into the process of changing the corporation.

Organization took its rightful place as an integral part of this process--it cannot be ignored, nor is it just one more project.

.

We see the results of a whole change in environment, management, and organization at Extram. . . We created new beliefs through our training, but. . .we used devices. . .to create the conditions [for change] in the training situation.

Edward had faith in the future of his department.

As he stated it:

[E-23] Because I believe that organizing and managing is one of the few areas of competitive supremacy left to most large companies, I assume there will always be some kind of activity such as ours at Extram. I also assume that we are relatively in our infancy concerning sophisticated managing. The very existence of the computer poses more questions than answers concerning organization and management in the foreseeable future. The predictions I read about other technological advances would lead me to conclude that these will have dramatic effects. Therefore, shrewd companies will continue to devote the full time knowledges of some staff people to keeping abreast of the innovating managing and organization knowledges which are bound to evolve. I suppose you could ask if organization development is profitable? I would guess that it represents the preservation of the profit oriented business, if it does not literally represent millions of dollars of profits not now realized. I think that managing and organization will become as much of a specialized knowledge as is engineering supposed to be today and that it will innovate "administration" to the same degree that we hope engineering will innovate the manufacturing process--for profit.

It is true that some of the accomplishments discussed by Edward were directly measurable in quantitative terms.

But, as was true at Coman, most of the accomplishments listed by the department at Extram were qualitative. They believed and their clients believed that quantitatively measurable results would flow from these accomplishments. Again, Extram is classified as a grand strategy mission.

Manfex

Matthew was brief in discussing the department's accomplishments. He stated them as follows:

[M-21] As I see it, we are accomplishing a lot. We are rapidly expanding overseas. At the end of World War II, we had nothing. Now we are taking over these former affiliates. We produce over 33,000 items, with complicated problems of product. We had the corporate identity problem and the conversion to war production problem. I try to help the President structure the organization with the right people to help us grow and prosper. We've prevented getting too set in our ways. We've gotten the business moving toward profitability by controlling runaway decentralization. My future areas will be to continue restructuring the international area, reorganize and rename some divisions, split up some others. We've been able to change some of our top managers from egotists to more sensitive managers. We've audited the organization performance, checked for symptoms of problems, and helped some.

Most of my requests come from the President. Divisions do call on me for some internal help, but I must be careful so as not to tip the President's hand. Why, when I was with the President just now, he showed me the list of those he was thinking of promoting to the position of Vice President of _____ Division and asked me which one I wanted. I told him _____

and he told me to write up the announcement. This is the kind of work I do around here--it is politically dangerous, but very satisfying work.

This summarizes some of his earlier statements such as:

[M-1] In an older company such as ours, if we've done anything one way for more than five years, we need a change . You need an outsider such as me to make changes . . . to build complementary structure.

In [M-6], Matthew integrates his objectives--structure, position occupant, growth, training, promotion, planning into the solution of organization problems.

Notice that Matthew [M-21] identifies with Presidential and corporate projects rather than identifying specific outputs per se of the function. "I try to help the President structure the organization with the right people to help us grow and prosper. We've prevented getting too set in our ways and waste both. We've gotten the business moving toward profitability. . .we've changed some of our top managers. . ."

Rarely will Matthew point to a specific report, specific manual or specific cut as one of his accomplishments at the corporate level. The focus is different.

Again, the pattern is clear. The aiding of the total corporation with better organization and people. Few if any quantitative measures were used. Manfex fits the grand strategy mission.

Outlet

The history at Outlet is similar to Extram. Initially, the department pointed to specific savings and functions [O-2] but later changed its focus of activities and accomplishments. These statements of objective and accomplishment are not easy to quantify.

[O-2] . . . We're here to support the company as a whole. . . to picture the company as it is today, where it will be five years from now so as to help plan the period in between. . .

[O-2] . . . Our function is the planning of people . . . the development of executives and succession. . .

[O-3] . . . We're concerned with change in the organization, in terms of policy . . . the devils advocate thinking about problems the company is not covering or handling poorly . . . management needs someone to remind them of functions it has overlooked. . .

[O-6] "We help guard our quality image . . . We feel that the esprit de corps of our employees is unmatched. . . one of my major projects is to revise our policies . . . keeping this tradition in mind. . ."

[O-4] "We study more complex questions . . . are we making decisions the way we ought to . . . communication effectiveness. . ."

[O-15] "I review organization changes because they are important. They must submit them to me prior to any change but I try not to appear to control the change as such."

[O-15] "I'm an effective catalyst for policy coordination. . .I help decide who will handle a new function. . . the integration of the individual with the organization. . . Really I am dealing with top management problems . . . to maintain the unusual atmosphere of an ethical and open environment."

The accomplishments that flowed from these objectives are not subject to quantitative measures. Outlet too follows the grand strategy mission.

Tractem

Although the policy manual calls for potentially specific activities [T-4] of charts, manuals, policy writing, Thomas stated department's accomplishments as:

[T-6] . . . to make sure that organization changes, personnel changes, and the dignity of the human being is respected as our founder wanted. . .

[T-7] . . . Providing the occasion and the place . . . for the managers to sit down in a permissive atmosphere and clear up their plans and organization problems . . . we can't really solve their problems--we can point the direction . . .; to create the conditions to effectively meld the people and the organization so that Tractem can continue to prosper and the people who make up Tractem can feel stimulated and satisfied working here. . .

Although the duties in [T-5] could be focused on producing reports and so on, the emphasis in accomplishments shows that this was not the purpose.

Thomas gives advice [T-11], rather than emphasizing controls. Thomas helps people solve the organization problems [T-8], finds new ways to do things [T-8], sees people blossom out [T-8], assists the President [T-7], helps reorganize [T-15], changes the structure and broadly creates better organization [T-10], and develops people [T-10] but these are not quantifiably measurable too easily.

Thomas summarizes the accomplishments:

[T-14] My satisfaction comes from the knowledge of the people I placed and organization I molded working effectively, groups getting satisfaction in their work, an individual with his problem settled--these offset other losses. My satisfaction is seeing the new leadership

doing well, a good organization--for organization is the key to success--good organization and people working effectively to develop the people and seeing the organization achieving its goals. If I ever got really unhappy here, I'd move someplace else, but in the same kind of work there.

Thus Tractem's department too sees its accomplishments in broad terms, too broad to be measured quantitatively. The President approvingly increases the department's size. Thus Tractem also fits the grand strategy mission.

Comparisons of the Accomplishments of the Departments

The data presented gave the reader a picture of the degree of specificity of accomplishments. Thus tactical departments would point to specifically measurable results, partially for the reasons that they felt compelled to justify their existence rather regularly and because these men would be primarily concerned with short-term goal achievement and/or a subunit of the firm. Since the other two types dealt with the total firm, the top management would tend to be more concerned with long-term goal achievement than the lower management. The top management of many firms is well aware that many

very real achievements are difficult if not impossible to measure quantitatively.

The quotations from the departments showed that Ronald was concerned with short-term personnel and cost savings. Grand strategy mission accomplishments included such matters as changing managerial orientation, changing the essential method of use of human resource, changing systems of belief, or protecting such value systems, making the firm's responses to change more dynamic, changing the broad preparation pattern for future top management, serving as an idea stimulant or a devil's advocate.

This is not to say that all departments did not use the same methods. Most of them did studies, held meetings, arranged management development conferences, counseled executives, wrote manuals, issued policies and so on. The difference is a matter of emphasis and evaluation of importance, essentially a means-end question. The emphasis given to the mechanics by the tactical mission shows that what the others viewed as a means, the tactical views as an end in itself. Where the other missions saw the studies as helping the unit to organize now at one point in time and as part of a total process that was constantly changing, the tactical approach seemed to view it as a set of problems "to be solved."

Whatever strategy was used, consciously or unconsciously, grand strategy directors moved their accomplishments away from a situation where they studied a problem and issued a solution report, just as a management consultant does. They moved to a process where they study the problem, give a set of solutions, recommend one, train the participants in the process, and then counsel them as they solve the continuously changing problem for their department. They serve as an information source, a training agent, a counselor, a stimulant, and in the more critical cases, a solution agent. The first and last of these are emphasized by the tactical mission and the strategic mission is between the two. The predicted differences in accomplishments were there and the hypothesis supported. On the continua of accomplishment, we see:

Accomplishment

<u>Grand Strategy</u>	<u>Strategy</u>	<u>Tactics</u>
Coman		
Extram	Assembler	Remco
Manfex		
Outlet		
Tractem		
Qualitively Measurable	Mixed	Quantitively Measurable

CHAPTER VII

CONCLUSIONS

In this chapter, the findings of the thesis will be summarized. A comparison will be made between these findings and the hypotheses to determine the degree to which the hypotheses were or were not supported. The chapter will then present hypotheses that bear future investigation. Finally, the implications to the directors and the firms to organization theory will be presented.

Findings of the Thesis

The first hypothesis predicted that this investigation would reveal three missions and consequent patterns of activities, interaction, influence, and accomplishment deriving from the three missions. The four corollaries specified the degree to which these factors would vary with each mission.

Chapters III, IV, V, and VI presented these data and commented on the degree to which each department studied fitted the conditions posited in the corollaries. As would

be expected, there were variations in the degree to which the departments fitted the predicted pattern for each factor. These could best be visualized as a set of continua for each of these factors. Each department was close or very close to the predicted model for grand strategy, strategy, or tactics.

First of all, the findings of the activities factor will be reviewed. Corollary I predicted that grand strategy, mission departments would perform structural, human, and technological activities at the corporate level. Strategic departments would perform structural activities at the corporate level. And tactical missions departments would perform structural activities at the unit level. Chapter III presented data that described the emphasis of the problems attacked and the activities pursued by the individual departments and all the departments. The findings of the individual departments were as follows:

Remco

This department performed structural activities at the unit level. Its director denied that he used human or technological activities or work at the levels above the unit. It clearly fitted the model of tactical mission.

Assembler

This department performed structural activities at the corporate level. Its director stated that they did not perform human or technological activities, nor did they coordinate closely with the departments who did. There existed division-level organization specialists who performed these activities at the levels lower than corporate. The department fitted the strategic model.

Coman

The department at Coman performed structural and human activities at the corporate level. It apparently did not perform technological activities at the present time. Therefore, it is classified as a grand strategy mission, because it clearly performed different activities than those at Assembler. But it does not fit the grand strategy model exactly.

Extram

This department performed structural, human and technological activities at the corporate level. It approximated the grand strategy mission more exactly than any other in the activities factor.

Manfex

This department performed structural and human activities at the corporate level. It fitted the grand strategy model similarly to Coman. This department used consultants for unit-level organization work.

Outlet

The department at Outlet performed structural, human, and to a small degree, technological activities at the corporate level. The firm had a section which performed these activities at the unit level in the Personnel Department. It fits the grand strategy model.

Tractem

This department performed structural and human activities at the corporate level. It approximated the grand strategy model to the same degree as Coman and Manfex.

When the departments are placed on the continuum for the activities factor, the following is found:

Activities

<u>Grand Strategy</u>		<u>Strategy</u>	<u>Tactics</u>
Extram Outlet	Coman Manfex Tractem	Assembler	Remco
Structural Human Technological Activities	Structural Human Activities	Structural Activities	Structural Activities
Corporate Level	Corporate Level	Corporate Level	Unit Level

Secondly, the findings of the interaction factor will be reviewed. Corollary II predicted that the interaction pattern of the directors and members would be as follows:

	Top Management	Middle Management	Lower Management
Grand Strategy	High	Moderate	Low
Strategy	Moderate	High	Low
Tactics	Low	Moderate	High

Chapter IV disclosed reporting relationships and other measures of interaction. The following patterns were found to exist:

	Top Management	Middle Management	Lower Management
<u>Grand Strategy</u>			
Coman	High	Moderate	Low
Extram	High	Moderate	Low
Manfex	High	Moderate	None
Outlet	High	Moderate	None
Tractem	High	Moderate	None

Thus Coman and Extram fitted the model exactly. The other three did not interact with lower management as expected.

At Assembler, the pattern found was: top management (high), middle management (high), lower management (none). It also did not fit the model exactly, but came closer to the pattern at Tractem, Outlet, and Manfex.

At Remco, the pattern was as predicted: lower management (high), middle management (moderate), top management (low).

The interaction continuum follows:

Interaction

<u>Grand Strategy</u>			<u>Strategy</u>	<u>Tactics</u>
Coman	Manfex	Assembler		Remco
Extram	Outlet			
	Tractem			
Top Management:				
High	High	High	Moderate	Low
Middle Management:				
Moderate	Moderate	High	High	Moderate
Lower Management:				
Low			Low	High

Thirdly, the findings about the influence factor will be reviewed. Corollary III predicted that the grand strategy department will affect the corporation's structure and work environment policies. The strategic mission will affect the policies of the corporation as they affect the corporate organization structure. The tactical mission will affect the organization structure of the subunits of the corporation.

Chapter V presented the data that gave support to the following conclusions:

Remco

This department affected the organization structure of subunits of the firm in some cases. In other cases if their executives did not wish to accept the department's

recommendations, it did not affect the policies. It did not affect policies above this level in the corporation. So it fits the tactical model.

Assembler

This department affected structural policies at the corporate level. But it did not influence directly or indirectly the policies of the work environment. It did not attempt to affect the way in which people worked at the corporation except insofar as this resulted from structural change. This department fits the strategic model.

Coman

This department helped reorganize the corporate organization structure and changed the work environment to a more permissive one approximating Theory Y. It fits the grand strategy mission as closely as is possible.

Extram

This department helped reorganize the corporate organization structure and changed the work environment by cutting the number of levels in the hierarchy, changing the methods of goal setting and level of responsibility from

supervision to each member of the corporation. It approximates the grand strategy model as closely as is possible.

Manfex

This department helped restructure the firm and changed the work environment by arrangement of personnel and some specialized training. In recentralizing, greater corporate control also affected the work environment. But changing the environment of work was secondary to greater control. It fits the grand strategy mission.

Outlet

This department helped restructure some divisions and functions of the firm. It helped preserve the current work environment of the firm during policy changes. It fits the grand strategy mission.

Tractem

This department helped restructure the firm and helped preserve the current work environment of the firm as it was restructured. It fits the grand strategy mission.

The influence continuum is as follows:

<u>Influence</u>		
<u>Grand Strategy</u>	<u>Strategy</u>	<u>Tactics</u>
Coman		
Extram		
Manfex		
Outlet		
Tractem	Assembler	Remco
Structural	Structural	Structural
Policies	Policies	Policies
Work Environment		
Policies		
Corporate Level	Corporate Level	Unit Level

Fourthly, the findings about the nature of accomplishments of the departments will be reviewed.

Corollary IV predicted that grand strategy missions would measure its primary accomplishments in qualitative terms. The tactical missions will measure their primary accomplishments in quantitative terms and the strategic mission will lie between these two.

Chapter VI presented the data which showed for the factor: accomplishments.

Remco

It was shown that this department measured its accomplishments in quantitative terms. Ronald spoke of personnel cuts and dollars saved as his accomplishments. Remco fitted the tactical model.

Assembler

Arnold did not speak of his accomplishments in quantitative terms. He gave examples of more effective control and better coordination methods as his chief accomplishments. These are qualitative measures from which he felt measurable savings would derive. Actually, then, Assembler measured its accomplishments primarily in qualitative terms. But its accomplishments were not of the same order as the grand strategy missions. It fitted the strategic model.

The Grand Strategy Missions

All five of these departments used qualitative measures and explicitly or implicitly inferred quantitative savings would come from their work. Coman spoke of making the managers aware of behavioral research findings and the improvement of the climate of interpersonal relations and communication. Extram talked in terms of better managers

and more useful organization structure. Manfex talked of better control of the corporation, better career development of managers. Outlet gave examples of his devil's advocate role and some organization studies. Tractem spoke of a better organized and motivated corporation. These accomplishments cannot be measured quantitatively. The department must attribute to itself some of the corporation's goal achievement.

A continuum for accomplishments is as follows:

<u>Accomplishments</u>		
<u>Grand Strategy</u>	<u>Strategy</u>	<u>Tactics</u>
Coman		
Extram		
Manfex		Remco
Outlet		
Tractem		
Assembler		
Qualitative		Quantitative

If, then, the positions of the seven departments are summed up for all four factors, the following is what appears:

Grand StrategyStrategyTacticsActivities

Extram	Coman		
Outlet	Manfex	Assembler	Remco
	Tractem		

Interaction

Coman	Manfex		
Extram	Outlet	Assembler	Remco
	Tractem		

Influence

Coman			
Extram		Assembler	Remco
Manfex			
Outlet			
Tractem			

Accomplishments

Coman			
Extram			
Manfex			Remco
Outlet			
Tractem			
Assembler			

Summary

Extram	Coman	Manfex	Assembler	Remco
	Outlet	Tractem		

The summary shows that only Extram and Remco fitted the models for all four factors exactly. Assembler fitted the strategic model primarily in that two of the four were as predicted and the third was very close.

Coman and Outlet met three of the four factors exactly and the fourth was close. Tractem and Manfex met two of the four factors exactly and the other two were close. These closely approximated the grand strategy model then.

It has been shown that the departments studied fitted the models posited in Hypothesis I and the four Corollaries moderately well.

What then of the second hypothesis? Was it true that the closer the departments approximated the grand strategy mission, the more effective they would be? The measurement for effectiveness was statements and behavior of the department's superiors. This hypothesis was supported both negatively and positively.

Negatively, the two non-grand strategy departments had not been given greater authority or scope. In fact, they had slipped.

Remco had not made any progress in its attempt to attack the more significant organization problems there. So significant was this to Ronald that he was leaving the firm.

Assembler had not increased the scope of its operations and had lost its direct relationship with the President. This caused great dissatisfaction with Arnold and he had requested a transfer to another position. This was accomplished and he now is in a different department. Arnold's superiors could not have thought him too effective to restrict his scope and to place an added reporting level between them.

The grand strategy missions, however, had a different set of results. At Coman, Charles was now reporting to the President, had increased his work from unit level in 1959 to total corporate reorganization in 1966. He also was changing the work environment to the Theory Y Model. At Extram, Edward was no longer giving management courses and doing plant-level organization studies. Instead, he was dealing with the President, decentralizing the firm, and changing its work environment.

Matthew was involved in top level corporate appointments and recentralizing the firm, instead of just running management development courses.

Otto was now reporting to the Chairman and studying corporate policies and the climate of creativity at his firm,

instead of reporting to a Vice-President and studying the purchasing department.

Thomas was now involved in a reorganization of the firm, reporting informally (for the present) to the President who was the former director of organization development. The President was doubling the size of the department to be better able to carry on its enlarged activities.

It seems reasonable to conclude that the statement of Hypothesis II has been supported very strongly by the evidence presented in this thesis.

Thus, the thesis has shown that the comments of most of the literature and of the visited consultants need to be modified. It has shown that these departments can perform services for the firm which are useful to the firm on a continuous basis by people who have the knowledge of the techniques and of the firm as well. They aid the top managers in implementing the desired policies affecting the organization structure and the managerial environment of the firm. They can and do serve as captive consulting agents for top management and make themselves available to divisions for special projects, normally attempting to train division personnel in solution of their own operating problems.

As is often the case, the commentators were no doubt attempting to generalize their impressions of this function from a few experiences. It is hoped that this study showed useful differentiation of the function into three meaningful and internally consistent patterns based upon their missions.

Potential Hypotheses

Several hypotheses are worth examining in the future. First of all, it would be interesting to know if there is a relationship between the existence of a department and various conditions existing in the firm. Factor analysis could be used for the following set of conditions:

An organization development department will be used more, located higher in the structure, and will exercise more influence:

- (a) The more diversified is corporate product line;
- (b) The more growth has been derived from mergers and acquisitions;
- (c) The greater the number of personnel;
- (d) The more recently the firm was founded;
- (e) The more recently the industry was founded;
- (f) The more recently the present executive group entered the firm;

- (g) The more the executive group uses staffs for other processes;
- (h) The more receptive the firm is to organization change;
- (i) The more concerned the firm is with member satisfaction;
- (j) The greater number of firms in the industry which have departments;
- (k) The more violent the swings in profit cycle;
- (l) The more developed the formal planning process is in the firm;
- (m) The greater shortage of good executives is perceived to be.

Secondly, the processes discussed in this thesis could be expanded to consider some of the following hypotheses:

1. The primary activities performed and emphasized by departments of organization development with a grand strategy mission were . . . with a strategic mission were . . . with a tactical mission were . . . (To test the findings on a larger universe).

2. There is an inverse relationship between the exclusive emphasis on the structural approach and activities, and influence with top management.

3. "Top management is most likely to be influenced by directors of organization development, the greater is the emphasis of the total corporate problems and use of all approaches, for the problem will appear more significant to top management."

4. The greater the emphasis of control by the department, the greater the loss of social interaction by the director in the firm.

Others could be developed to validate the findings of this research on a larger sample.

Implication of This Research for Departments
of Organization Development

It is difficult to trace cause and effect through the various factors that complete the patterns. If interaction potential increases, influence can increase. If influence did increase, was it the result of greater interaction? Only if it can be shown that in all cases, when interaction increases, influence increases. But, surely, Assembler is a case where potential interaction with the President over ten years did not increase the influence of the department. These factors are mutually reinforcing, given a situation

that calls for solution by organization means, a receptive superior, and a creative department director.

If a situation that calls for major organization work does not exist, the director must plan for the likely conditions that may come about so that he will be prepared for such eventualities. Such conditions as a profit squeeze, low growth rate, tight labor market, a government reorganization may be just the time to propose an organizational solution to the problem.

This brings the subject of the temporal dimension to the reader's attention. It seems worthwhile to point out that this analysis attempted to present the history of the departments and their present status. But, what of the future of these departments? Will there be changes? It is safe to say that there will be such changes. The Presidents and leaders of these firms will at some time consider the reorganization or environmental change as substantially complete. Are they likely to devote equivalent attention and interaction with the director then? Probably not. Thus, the missions described are equivalent to a snapshot of a firm. Over time, it will be interesting to see how influential the department becomes as it changes to the counseling role for the accomplished changes.

Will the departments go through cycles of missions from tactical to strategic to grand strategy and then reverse because of the attention given to the problem as it is perceived by top management? It is not known at this time.

The second condition required is a receptive President. If the present President is unreceptive (as the prior one was at Extram, Outlet, Manfex, and Coman), it would appear that a likely time for the director to propose a change in his scope of authority would be at the change in the chief executive officer. They can offer to help him prepare the organization he wishes to work with. Getting his attention will be of critical importance and perhaps use of attention getting seminars as Edward did would be one method. Another useful one would be to show a history of successes and savings from prior analyses. Then propose a major project to help him get his Presidency started with a noticeable change. This can appeal to some executives who wish to make their presence known in the day-to-day world of their corporation.

The third factor is a creative director. The first two circumstances will be for naught if the director cannot visualize his potential role in the corporation. If he persists in viewing his role as a set of low-level structural

activities, no change can come about. This pattern fits what Selznick called "the cult of efficiency" pattern in governmental reorganizations.⁵⁸

The director must be able to utilize the tools of administration management of an organization but broaden them into the leadership tools for an institution. If the director can show the President how he can help him become an institutional leader, by developing ideologies for communication and self defense (enculturation); if he can show the President how he needs a unit to infuse his institution with values (or protect the present values),⁵⁹ then he will be on the way to more effective organization development. Organization can be just a technical instrument⁶⁰ or approaches can be used to build an institution. The department can help the President with his critical policy decisions of: recruitment of the type of executive personnel needed for top management, their training; adequate representation of the various groups within an organization; and aid the

⁵⁸Selznick, op. cit.

⁵⁹See Selznick, op. cit., p. 14.

⁶⁰See Selznick, op. cit., p. 21.

cooperative process both within and to the outside of the organization. Selznick says that there are four key functions of leadership: to define the institutional mission and goals (usually adaptive ones); to give the institution the embodiment of purpose; to defend the institution's integrity; and to order internal conflict.⁶¹ If the director is creative enough that he can use the structural, human, and technological approaches at his command to help the top management in these functions of leadership, the departments will be effective instruments for their firms and their firms will be better because of their existence. Traces of these functions were seen in various grand strategy missions. It seems reasonable to expect that if they perform these functions for their managements, they need not have wide swings from significant influence to insignificance. If the reorganization is complete (for the time), other factors need attention. If they relate only to structural change, when it is complete, they will revert to a limbo such as Assembler's department.

The implications are clear. If there is an unresponsive leader at present, attempt to build a history of

⁶¹See Selznick, op. cit., p. 62.

success and broaden the scope to include the other functions. If the situation does not call for major reorganization, many of the other functions just discussed may require attention. If the director is unimaginative, there will be problems. The President will either have to appoint a different one or some other executive or functional area will assume these functions. At no point in this research was it assumed that these departments are the only functional areas which could perform these activities or give this support to management. No doubt in many corporations, an effective Personnel Department, Corporate Planning Department, Corporate Development Department might perform these functions. What was commented upon was the most likely set of conditions for the Organization Development Department to be effective.

Conclusions and Implications to

Organization Theory

In this research, then, the processes existing in departments of organization development in some American firms have been explored. In contrast to the opinions of the consultants visited and many of the writers of the literature, neither a series of departments who spent their time in activities totally unrelated to the mainstream of

corporate activities nor a set of high-level staff departments vitally involved in all the key decisions of top management, was found.

What was found was a set of departments with a range of processes lying along theoretical continua and which fitted three patterns. Depending upon many circumstances discussed in the body of this research, the departments could serve in one of three missions. Based upon these missions, they would perform certain activities with certain emphases, interact at certain levels and with certain frequencies, influence specific types of policies and accomplish several types of results.

Finally, those pursuing the grand strategy mission were found to be the most effective.

What implications might these findings have to organization theory? Organization theorists are individuals interested in studying and improving the operation of organizations. They usually are specialists in management, public administration, organization sociology, organization psychology, social anthropology, and economics.

Typical topics of organization theory are:

Organization Theory, Typology, and Taxonomy;

Organization Methodology;
Organization Design and Social Structure;
Organizational Behavior--Small Group Theory;
Organization Leadership--Motivation--Morale;
Organization Decision Making--Policy Formation;
Organizational Authority--Power--Influence;
Organizational Conflict;
The Organization and Communications;
Organization Control--Group Standards;
Organization and Individual-Fusion;
Organization Change and Improvement; Effectiveness;
Comparative Organizations;
And Many Others.

The findings of this thesis have some relevance to each of these areas. But the findings seem especially relevant to organization design and social structure; organization decision making; organization change and improvement and comparative organizations. In the latter case, the thesis described the agency that is equivalent to those existing in the United States Air Force, various federal and state agencies, and foreign governments. There could be direct

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comparisons of orientation and effectiveness. To those interested in organization change and improvement, the thesis described an agency which attempts to utilize the findings of our research and actualize change and improvement. Finally to those interested in organization design, the thesis presents data to support use of several structural designs under various conditions in the firm.

APPENDIXES

APPENDIX A

SUMMARY OF INTERVIEWS WITH CONSULTANTS

In the preliminary stage of this thesis, one Executive Search Consulting Firm and two Management Consulting Firms were interviewed to learn more about the history of these departments and the types of individuals working in them. It was felt that more could be learned about the department's activities, interaction, influence, and accomplishments by interviewing independent agents who performed similar work. And, they might be able to contrast their work with those of the departments. Appendix A is a summary of the two days spent in interviewing these sources.

Executive Search Firm

The Wall Street Journal regularly has advertisements offering positions in organization departments. Several of these advertisements were answered by the author. The specific advertisement whose source was interviewed, said: "Organization Planning Specialist--Experienced; also will assist in general areas of Administration and Benefits."

An executive of the firm was interviewed using the following interview schedule:

- (1) How often do you receive requests for organization department positions? With what other positions would you compare it?
- (2) What kinds of companies ask for organization people?
- (3) When they request one, is it usually a replacement or for a newly created department?
- (4) What kinds of backgrounds do the firms require for this position? Do they usually stress analytical ability, creativity, or formal education?
- (5) You follow a lot of career patterns. What types or promotion patterns exist for these specialists?
- (6) What are the job satisfactions? Pay? and so on.
- (7) When did you start getting requests for them?
- (8) How large are these departments?
- (9) What do they do? What do they accomplish?
- (10) What is the future of this type of job?
- (11) How influential are these men? To whom do they report?

This consultant answered the questions about the environment of the positions. But he was reluctant to express an opinion about the effectiveness of the function.

He stated that he first started receiving requests for organization department people about three years ago.

It was his experience that organization specialists originally developed from general planning positions. He knew of several cases where they had been tax experts, with CPA's or law degrees. And in the slack periods, they were asked to perform other activities. The earliest such experiences have taken place in the mid 1940's. Because they were respected for their analytical ability, they were asked to do planning work, including organization planning.

The consultant said that requests for these men are relatively rare. The specifications tend to be for an individual with a broad background. Therefore, firms often requested an individual with management consulting experience. In any case, these men needed a variety of experience in several functional areas. Another job specification seemed to be personality compatibility. Often, the superior he was to work for would specify a complementary type. Thus if the superior's background had been accounting and he was a bit of an introvert, the superior would specify that he wanted an outgoing individual with a broad background.

The mobility patterns of organization people varied and depended on the planner ability to capitalize on opportunities. In several cases they became Assistant to the President. Then they were given substantial divisions to

supervise. It could be an opportunity for an individual to enter a firm at the top level and do quite well.

The consultant said the beginning salaries tended to vary from \$13,000 - \$15,000 range.

He expressed no opinion on their effectiveness or influence. He believed that this was a function of the situation in each firm.

The Management Consulting Firms

Two management consulting firms were visited. Several executives who performed organization analyses were interviewed at each firm. The interview schedule for the consulting firms is as follows:

- (1) Let's begin with a broad question to "get the ball rolling." Why do firms call in consultants such as yourself when they feel they have problems of organization?
- (2) Do they use your services even if they have their own organization departments? If so, why?
- (3) What problems of organization do you seem to be concentrating on these days?
- (4) What kinds of studies do you make? What methods of analysis do you use?
- (5) In your opinion, what are the advantages and disadvantages of departments of organization development?
- (6) Would you describe and rank the five most important problems of organization you see firms dealing with today?

- (7) What organization problems have firms come to you with in the last few studies you did?
- (8) Do firms seem to be trying to form specific organization policies today? Why or why not? Do they use them after you've suggested them?
- (9) Do problems of organization arise at any particular time or occasion more so than others? (e.g. personnel changes, market pressures, in times of good profits or problem profit pictures).
- (10) How often do you find firms which consider future organization problems when they decide upon policy changes occasioned by mergers, major product line additions or reductions?
- (11) Do firms consider organization problems in their long-range planning groups? Why or why not?
- (12) Do you see firms asking you to help them in such organization problem areas as: job design and description, overlapping relationships, functional basis of organization, authority and delegation, location of decisions, communication, coordination, committee authorities, span of control, responsibility for reward or punishment?
- (13) Are they concerned with resolving the apparent conflicts of delegation vs specialization, line and staff, small spans of control vs minimum number of hierarchical levels, costs of coordination, organization stress from lack of information or ambiguous relationships, creativity and innovation vs effective formalization, rational rule making vs the power of exception? If so, how do they resolve these conflicts?
- (14) When you are about to enter a consulting situation, how often are you given specific guidelines for the decisions to be made?
- (15) Do you have any basis for evaluation of company's organization departments? And if so, how would you evaluate them?

(16) Were there other comments you would like to make in this area?

The consultants were helpful in providing a current perspective on how and when firms are concerned with organization problems. These comments helped to modify the interview schedules used when the departments were visited.

Some other findings from these interviews will be summarized now.

Consultants Opinions about the Usefulness of Departments of Organization in Firms

In general, the consultants did not feel that the departments provided top management with useful advice on their organization problems. One consultant said:

These departments are poorly regarded by top executives. They can't persuade top management, for they are too closely involved in the day-to-day operations of the firm. If the bosses think business is o.k., or the organization is o.k., the departments can't influence them. They must stay alive in this firm you know. . .

Three to four years ago, the American Management Association sold these departments to many companies. The firms let these departments handle organization problems way down in the organization structure. Montgomery Ward has a big organization department and the company has many problems, but they can't fight it out up at the top. They are just errand boys for top management, writing job descriptions. They are

not in the mainstream of the business world. They are not staffed with people with a business orientation and have no stature with line executives. . .

Too many of these departments are paper work planning operations. The departments are not effective because the traditional organization concerns are uninteresting to top management today. The real issues are getting the boss "off the hook" in decisions for promotions. Most internal organization structural changes are solved by power plays by line executives and these departments are not influential at times like that. Although firms should consider organization problems at the time of acquisitions, mergers, etc., they don't because they are using the tactics of telling present emcumbents that they are to be kept. Two years later is when the executives make their organization oves.

Another consultant expressed his opinions as follows:

My opinion is that organization development departments work primarily at the plant level, organizing the manufacturing departments for example. I feel that they are effective at this. But let's face it, they earn about \$15,000 per year and are not likely to influence a \$75,000 a year executive. They are in fact good in working at the middle levels and below, but the personal relationship with top management is lacking; at upper echelons, personalities and power politics are involved and the departments cannot operate at this level, for they would be digging their own career grave. It is dangerous to work at that level.

The consultants agreed with most of the statements from the literature: that organization development was not performing activities that influenced major policies of the corporation.

APPENDIX B

INTERVIEW SCHEDULES USED IN THE RESEARCH

The following schedule was utilized in the questioning of departmental members and directors. Insofar as was possible, the questions were administered in this order to all the respondents.

The questions were memorized and responses recorded in shorthand on answer sheets prepared ahead of time.

Questions 1-29 were asked in the order given. If the desired information was voluntarily given prior to asking a specific question, it was of course omitted. Several of the questions were designed to overlap as confirmation for answers given earlier. 1-29 were used with Organization Department Directors. Questions 3, 4, 5, 9, 11, 12, 13, 14, 15, 16, 17, 19, 20, 21, 22, 23, 26, 27(b)(c), 28, 29, and 30 were administered to department members, with appropriate but minor changes in wording.

Schedule 1: Directors and Members, Departments
of Organization Development

- (1) Let's think back to the time when this department came into being. What were the circumstances surrounding this event?
- (2) To your knowledge, who first brought up the possibility of an organization department here at _____ company?
- (3) Who was involved in the decision to create the department?
- (4) How were the first members selected and by whom?
- (5) No doubt a lot has transpired since the beginning of the unit. In general, could you describe the trends, both ups and downs of the department in terms of: budget, personnel, facilities, scope and responsibility. How do you explain these changes?
- (6) Let's talk a few moments now about the people associated with your department. Could you review with me the qualifications of the people you had in the past, and of those who have left? What are the qualifications of your current members?
- (7) Let's talk a few moments now about the people associated with the department. Could you review with me who they are/or were: their backgrounds and qualifications in terms of (a) formal education of each; (b) conferences and seminars or other specific training given them; (c) journals they read regularly; (d) diversity of experience within the company; (e) experience with other companies; (f) professional organizations they participate in; (g) nature of their present responsibilities.
- (8) I know this may be hard to answer, but in general, as far as you are concerned, which line or staff units do you feel your people would compare with, favorably, about the same, less favorably?
- (9) A. I am interested now in seeing your relationship within _____ company. Could you tell me how the department fits into the company's structure?

- B. Are you involved with Management Development and if so, how? (answers desired for 9):
1. The person he reports to.
 2. From whom does he seek advice?
 3. Are there organization members at operating level?
 4. Who approves budgets, expense accounts, vacations, staff increases (variation of (A) if he is vague on (A).)
- (10) Of great interest to me is the pattern of preparation for and exit from the department. What is a good preparation for this department? How long do members stay on this job and if they leave, why do they, and where do they go? (Answers desired to 10):
- A. Preparation for department.
 - B. How long the present members have been there.
 - C. Where did they go and why?
 - D. Whether those leaving were promoted or demoted.
 - E. Did they go to work for other companies in the organization function?
- (11) Is the commitment to this specialty a long term one? With what other staff or line positions would you compare it as far as future advancement or development is concerned?
- (12) A position such as yours has a basic philosophy behind it--and no doubt you've done a lot of thinking about what organization development is all about in your company. Could you tell me what objectives you are trying to accomplish? What ideals you are reaching for? What are you trying to accomplish in this department? (Determine the positive, not normative objectives or mission statement).
- (13) A. Just what would you say are the biggest problems of organization this department faces?
- B. Could you give me illustrations of the toughest problems you have handled recently?
- C. How often have you been involved in major reorganizations of this firm and what were the long run results of these?

- (14) Let's return to the origin of the department. What were the activities you performed then (the most important ones)? With value of hindsight, were these short run problems?
- (15) A. What activities do you perform now and which are the most important?
B. Who performed these duties prior to the existence of your department?
- (16) As you look back over the trend of your activities, what have been the changes in emphasis from the beginnings of the unit until now?
- (17) Would you take a few problems you worked on recently and tell me how you went about studying them?
- (18) As we look at each company, we have lots of things influence the organization they use. Could you tell me what are the key factors that gives _____ company its current structure? Does it differ significantly from others in the industry?
- (19) You've told me about your activities and thus given me some ideas of your problems. Many writers discuss some recurring problems. I'd like to mention them now and ask if they are considered important to you here at X and why.
A. Job Design and Knowledge;
B. Basis of Organization;
C. Authority and Delegation;
D. Decision Making;
E. Coordination;
F. Span of Control;
G. Responsibility;
H. Identity;
I. Adjustment of Individual and Organization;
J. Others I haven't mentioned.
- (20) It may be hard to answer, but in general what have you found the best conditions to be to get best results when you work with the operating units and your superior?

- (21) A. Are you called upon to audit organization performance?
B. In each of your areas of concern, who would you say starts the ball rolling on your analyses and activities?
C. What causes or symptoms are given in each of the problem areas and by whom?
- (22) Though it is difficult to be very specific on the nature of your relationships, which of these would you say you see yourself as predominantly?
A. An advisor in the organization are who when called upon, can help operating units.
B. A department which has the authority to control and supervise in organization problems.
C. As an advisor, but when you see problems you try to discuss it with the operating unit.
D. Provide services to operating units.
E. Combinations of the above.
F. Other relationships.
- (23) Most of us at times experience help or hindrance of various individuals or groups in our work. Whom would you say have been most helpful or troublesome in accomplishing your goals?
A. Other staff groups.
B. Superiors.
C. Line executives.
- (24) A. How much time do you spend in preparation of your budget and "selling" it? Some staff groups tell me they must constantly prove their usefulness. Is this the case in organization?
B. Do you feel you must show the usefulness and relevance of your work often to your superiors?
C. What committees do you serve on?
D. Are you able to see line officials easily or what are the channels? Versus similar staff positions?
D. When executives consider merger or major policy changes, are organization matters considered?
F. What suggestions for organization changes have been made to you recently and by whom?

- (25) A. If your son were interested in staff work and was a boy who wanted to get ahead, which groups would you suggest he get experience with?
B. Do you get called upon to offer opinions on organization changes? To whom and how often?
C. If your superiors were asked to rank the staff groups of this company in order of their importance, how highly do you think organization would rank?
- (26) A. How effective do you feel you are in your work? Do you achieve your objectives with operating people, your superiors? Why or why not?
B. What feedback do you receive on your departments work? How?
- (27) A. Let's assume a "new broom" came into _____ company and he decided to cut costs and was considering eliminating your department. How would you attempt to persuade him of the usefulness of organization?
B. Do you feel the average guy at operating level who could use your department's help knows about and does use it? Why or why not?
C. What conditions contribute to your effectiveness? Or what does it take to get what you want done?
D. What is the future of organization departments here at _____ Company? In industry generally?
- (28) Think about a situation recently which when you were finished, you felt satisfied that you'd accomplished something. Tell me about it and why you felt you had accomplished something.
- (29) What Organization Development Associations do you belong to now, in the past, or do you plan to join? What do you gain from this?
- (30) Do you get satisfaction in your job? What kinds? You are around the company. Would you say others you know would be anxious to work in the Organization Department?

Schedule 2: Superior of the Department Director

- A. My interest is to know about Organization Departments as they are in companies such as yours. I've done all the reading about what they could be or ought to be. And so Mr. _____, I'd appreciate your helping me understand them as they appear to you as one of your areas of responsibility. What is the purpose of this department? What are they asked to do? What's their responsibility? (To determine the Mission).
- B. Would you give me in your own words, some of the background reasons as to how this started at _____ Company, who started it, its general trend and growth from your point of view?
- C. As you look at it now, versus the conditions of a few years ago, are you satisfied with the kinds of people you have in it, and its reporting relationship or do you feel it could be more effective in another relationship?
- D. In your experience, what has been the best source for good organization men? If they leave this type of work, where do they move?
- E. Looking at it from the company's point of view, what activities does it perform for _____ Company? How important are these? What ought they to do? Which levels do they work at? At what levels of the company do they spend most of their time?
- F. As you look at it, or from the company's point of view, what is relation of Organization Department to:
- (1) Other staff groups?
 - (2) Operating units?

Where do they run into the most friction?

What is the best method of operation for them to use to accomplish their mission?

- G. How often do you see _____ (the Director) and on what type of problems?
 How do people at the executive level feel about the department?
 Do you ever get requests for its help? From whom?
 What staff units do you feel it is ~~most~~ similar to in prestige and influence?
 Do you see future budget, facilities, personnel changes in the Department?
- H. How do you evaluate the goal accomplishment of the department? How do you evaluate your effectiveness in the organization area? What special problems do you feel it has solved or caused? If you had to defend its existence to superiors, how would you do it?

Schedule 3: Customers of the Department

- AA. (Lead in) I've been told you've had some experience with an organization department. Can you tell me what problems you were working on at the time and how and why you contacted them or they contacted you? Why does the company have this department? What is its purpose?
- BB. Under what circumstances and when did you first learn of the availability of organization services here at _____ company?
- CC. What kind of people did you deal with from the department? Did you know what they were doing?
- DD. What kind of activities do they perform for _____ company? for you?
- EE. Did you present them with a specific problem or was it broader. If so, in either case, how did they go about their services?
- FF. I gather you saw some of your problems as organization problems. How did you determine this? (If the department came to the customer). Did you feel you had organization problems when the department entered the picture?

GG. What is your relationship with the department? Did you call them? Did they visit you? Did you ask for help? Did they give it?

HH. Do others you know in the company use these services? In general, how do they feel about it? How important is this area to you in your work? Examples.

If you wanted to rank staff departments in order of influence or their ability to get you to move on problems, how would they compare?

II. In what ways were they helpful?

What didn't they give you?

Did they have "stock answers" and not understand the day-to-day problems?

Did you really use their advice? (check this with employees)

How did your people like the department? Were they bothersome, helpful or what?

JJ. Look, I'm here to find out, the way things are. Couldn't you have done as well without them?

Do other firms you know use these departments?

In general, would you like to work for the organization department?

APPENDIX C

ACTIVITIES PERFORMED BY DEPARTMENTS OF ORGANIZATION DEVELOPMENT

ACTIVITIES PERFORMED: THE STRUCTURAL APPROACH

I. Structural Activities: Individual Level (SI)

1. Write job descriptions, specify the duties of task of a position (SI-1)*
2. Perform job evaluations. (SI-2)
3. Develop position and organization controls. (SI-3)
4. Develop appraisal methods for management. (SI-4)
5. Study the allocation of authority and responsibility to executives. (SI-5)

D. Structural Activities: Department or Division Level (SD)

1. Analyze the goals and objectives of a department or division. (SD-1)
2. Draw exact and up-to-date organization charts. (SD-2)
3. Analyze departments/divisions to ascertain if the jobs are grouped logically. (SD-3)

* When referring to an activity in the text, this one will be called SI-1: S = Structural; I = Individual Level; 1 = Activity Number 1.

11. Propose frequent structural and personnel changes to prevent the development of "vested interests". (SF-11)
12. Utilize suggestion boxes for proposed organization changes. (SF-12)
13. Perform policy audits--to assure the compliance of division policies to corporate policies. (SF-13)
14. Prepare policies for executive replacement and executive development. (SF-14)
15. Prepare selection, merit rating, and wage and salary policies for executives. (SF-15)

2. TECHNOLOGICAL APPROACH ACTIVITIES (T)

- A. Analyze the organization information systems; improve the information flow through computer and other information process aids. (TA)
- B. Train management in the use of better analytical tools in their decision making (e.g. computer decision tools, operations research, and other decision tools. (TB)

3. HUMAN APPROACH ACTIVITIES (H)

I. Individual Level (HI)

4. Analyze physical workflow to achieve more efficient organizations. (SD-4)
 5. Prepare inventories of available management potential. (SD-5)
 6. Perform work simplification and work measurement studies on administrative and clerical duties. (SD-6)
- F. Structural Activities: Total Firm Level (SF)
1. Write corporate organization manuals. (SF-1)
 2. Develop corporate policy manuals. (SF-2)
 3. Appraise organization titles and nomenclature for uniformity. (SF-3)
 4. Teach techniques of structural analyses of organization. (SF-4)
 5. Analyze communication flow. (SF-5)
 6. Propose structural reorganizations to approximate an ideal plan of organization. (SF-6)
 7. Develop the ideal organization plan. (SF-7)
 8. Review and approve all structural changes by other departments. (SF-8)
 9. Audit the span of control at various levels. (SF-9)
 10. Perform organization studies, surveys and audits. (SF-10) .

1. Offer individual counseling to those who are going to change positions or are having problems adjusting to the new environment. (HI-1)
 2. Act as Ombudsman. (HI-2)
 3. Train individual executives in human relations. (HI-3)
 4. Provide sensitivity training and other methods to make the individual executive more aware of interpersonal values. (HI-4)
- G. Group Level (HG)
1. Hold laboratory seminar training for team development. (HG-1)
 2. Provide laboratory seminar for intergroup training. (HG-2)
 3. Provide laboratory seminar training for organizational goal setting. (HG-3)
 4. Use brainstorming and group meetings to stimulate organization change ideas. (HG-4)
 5. Give training in interpersonal relations by a variety of methods. (HG-5)

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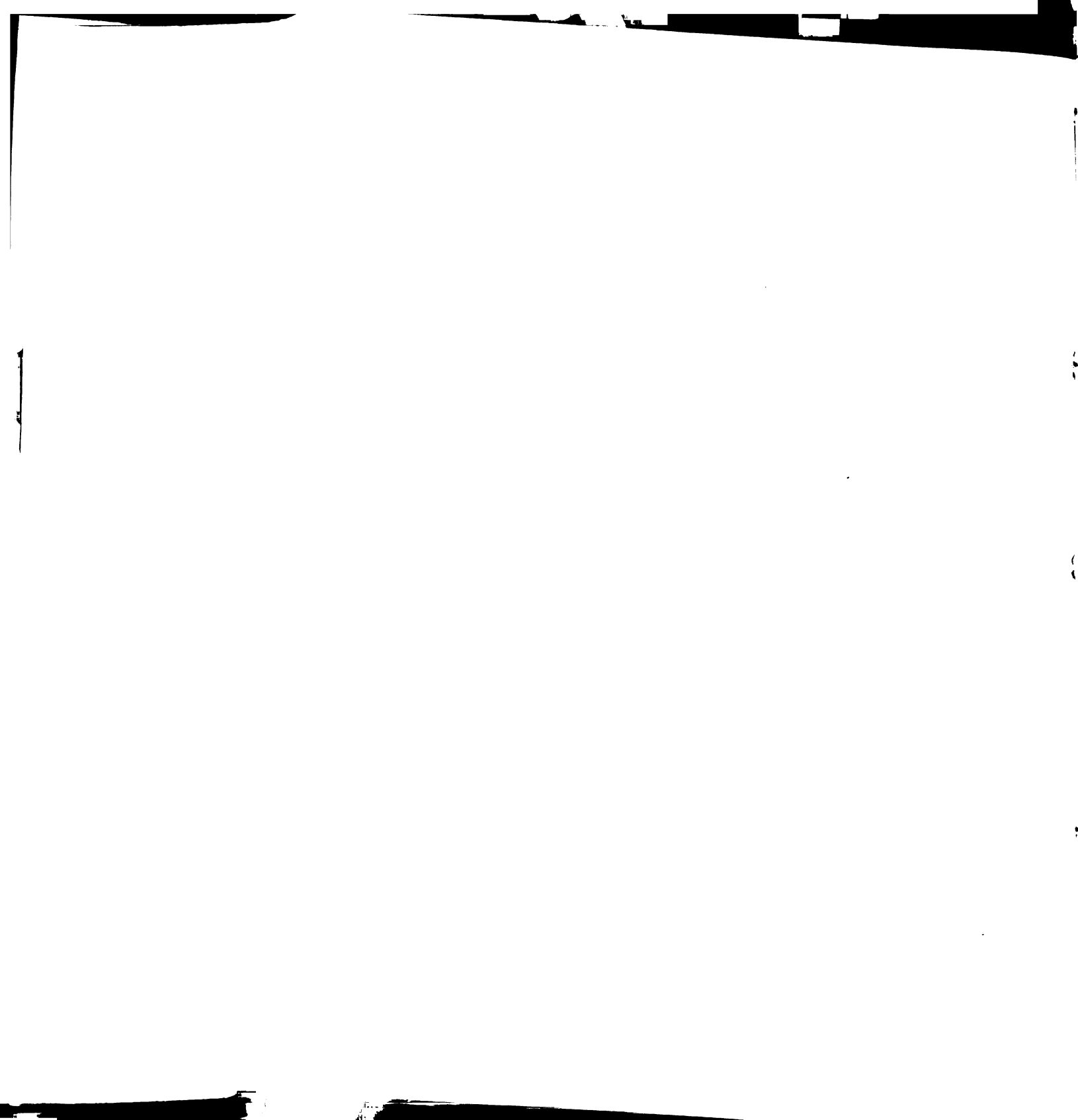
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