



THE ORGANIZATION AS A LIVING ORGANISM

It is not quite common to think in processes of Organization Development in a qualitative sense. There exist many quantitative growth indicators: figures of turnover, profit, return on investment and all kinds of analytical ratios. And of course, these reflect aspects of realities. But they **are** not the reality: an organization does not trade "figures". Reading the figures and knowing why there is something wrong calls for the quantitative judgement to be matched by a qualitative diagnosis. Because there, from the qualitative diagnosis the proper direction for a renewing process will emerge, and not merely a number of alternative scenarios. This article provides a conceptual framework for qualitatively diagnosing one's own organization (or part of it) and suggests ways for conducting a renewing process on the basis thereof.

Not so long ago, a major public-owned company in the Netherlands called in the help of a group of management consultants. The company was suffering from a number of problems, such as low standard of service, a lack of cost control and large scale organizational malfunctioning. In fact, the way of working had become rather bureaucratic: for example it took over one year for a client to have his address corrected on the bills he received. Furthermore the bills were often incorrect. For the clients it was hard to get a proper access to the organisation, even by telephone. Bills outstanding were of a huge amount. There were many levels of hierarchy, which all but paralysed its management. Internal communication was frustrated to a high degree, everybody wrote memos to everybody, hardly even getting an appropriate answer. Small "kingdoms" were vigorously defended. This was done mainly by blaming everybody else when something had gone wrong. In their report, the consultants suggested to adopt a new legal structure and to switch from public-owned to privately-owned. This had become possible through a change in government legislation. Also a new organization structure was proposed: fewer hierarchical levels, broader tasks and responsibilities for the employees. Furthermore a system of professional budgetting had to be introduced. In their advice however it was emphasized that the proposed measures alone would not solve the problem: because these problems

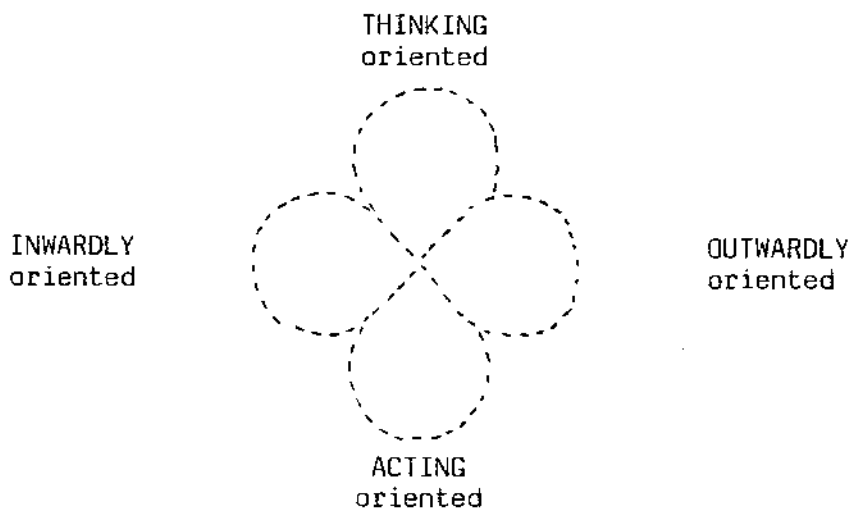
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were rooted in the thinking and acting of the employees, and in their attitude. And any so-called rational problem-analysis and problem-solving method would fail if they did not take this aspect into consideration. A plea was held to have the structural technocratic problem-solving approach accompanied by a process of renewing the employees' "way of thinking and acting", and their attitude. Because unless the abilities of the employees would increase, any organization structure would at the best change the nature of the problem but not its underlying causes. And in their report they called among other things for 3 major changes in the company culture:

- * act more client-oriented and improve the internal work-processes accordingly, on a very basic level
- * encourage the initiative taking instead of only following orders and procedures
- * increase the quality of the internal communication and of the management.

These vital renewing aspects are of a qualitative nature. And the question arises how to manage this qualitative renewing process. But let's look at diagnosing the organization qualitatively first: how to proceed? Here we introduce one possible way of approaching this question.

When looking at an organization from a qualitative point of view, a distinction can be made of two polarities, two sets of opposites. **Thinking oriented** and **acting oriented** on the one hand and **inwardly** and **outwardly oriented** on the other hand. Ideally these polarities are in constant dialogue so as to prevent a disequilibrium. But of course in day to day life, many factors threaten to disturb this equilibrium.



The dotted lines reflect the perpetual dialogue.

What it means: thinking oriented, acting oriented inwardly oriented and outwardly oriented will be explained further on. Here I like to explain that all these orientations are present in any organization. You cannot do without them. The danger is only when one of these aspects gets overemphasized and starts to structurally dominate the other.

The basic thought behind this concept is that an organization is a living organism because it is living in and through people. The organization as a whole has an identity and is most likely to move towards its destination when the dialogue between thinking oriented and acting oriented, and between inwardly oriented and outwardly oriented is kept alive as unhampered as possible.

Thinking-acting

Now what is this thinking- and acting orientation? The level of thinking of an organization is for instance the level where goals and plans and policy are formulated. And the procedure handbook. These elements live in the realm of thinking. It is the world of ideas. But how healthy this thinking is depends on the connection it has with the actual reality: the actual day to day working processes of people. Does this thinking support or complement the working process? Or does it work against reality?

For example: are the rules that exist useful for and related to day to day practice? Are managers who are responsible for a department entitled to make their own purchases for this department in order that it can function well? Or do they have to ask permission every time they need to hire somebody or to buy an essential piece of equipment? The more rules, procedures and goals exist that do **not** support or complement the work in practice, the more the realm thinking tends to become a sphere of its own: more reports, more plans, more perfect ideas, more measures to control which all in the end have less to do with practice, but will nevertheless be imposed upon practice.

The people who design and complement this thinking more and more are often in the danger of drifting away from ordinary reality, practice. And start to manage on the basis of abstractions: reports and figures. They are no longer interested in reality, but only in their self-imagined world of thoughts. And the functioning of the organization becomes endangered. Theory starts to try and rule reality.

Now let's look at the counterpart of this polarity: The level of acting is the level of day to day activities: primary work-processes, selling, producing, but also the work of the supporting departments like personnel affairs. It is the realm of doing, acting. Of activity and dynamics.

There the word goes: no talking, let's do something. Let's realize the mission of this organization here and now. And how healthy this realm of acting is, depends on its connection and dialogue with the realm of thinking: goals and policy. Because if the acting is not carried out in communication with other departments, chaos will increase. I cannot buy a personal computer if I need one, when I do not take in consideration the company's policy in this respect. And I cannot make a special discount-deal with a client if this does not form a part of our pricing policy. The more the acting becomes an individual impulse-decision without taking into account the company policy, the more chaotic and differentiated the company will become. And in the end it threatens to fall apart in various "kingdoms" who have less and less inner connection with each other.

The living dialogue between thinking and acting depends on the mutual communication between exchange of ideas, vision and facts from practice. The quality of this communication depends on the skills of the people involved, but can be dramatically improved. And by bringing about this dialogue, the organization can become more healthy: the lifestream of the organization will connect the "top" and the "floor" of the organization.

Inward-outward

And what about the inwardly and outwardly orientation? The basic problem is the same. The organization needs to be quite aware of its strength, skills, of its uniqueness. It should be proud of what it has developed in the past, and is able to do now. If it really is unique in some important aspects of this work, then there lies its reason for being there, the justification of its existence. But this awareness of its uniqueness can be so strong that it becomes arrogance as an attitude, a monopolist's behaviour. The clients should go at great length to deserve the company's attention. And the client will do so, as long as he has found no real alternative. If he does find one, he will immediately turn his back on the company. Or even he will work out alternatives himself, if pressed hard enough. When therefore the inward orientation is too strong, it neglects the real dialogue with the outside world, with the clients. It merely focusses on its hobbies and tries to perfect them, whether that is asked for or not.

An example is an engineer who is constantly trying to improve his creation, let's assume a machine of some kind. Even if this improving is not necessary and increases costs, and takes up a lot of time. And to this engineer, the client really is a nuisance. This client does not understand his "creation", has all kinds of irrelevant requirements and even dares to ask for a simpler version! All because of such a trivial thing as money! Clearly this attitude will chase

clients away as soon as they have an alternative. The dialogue with "the outside world" is neglected. The company only tries to press itself on the market without real interest in the client's questions and needs.

But the outward orientation means exactly this attention for the client's needs: marketing is the name of this game. What are his needs, what are the target groups? Strategic pricing means that the company is doing its utmost to be of service to its clients. To give them what they need and thereby making a healthy profit. But this orientation can also become one-sided: when a company never says "no" to clients. When the company promises more than they can live up to! Then they no longer build on their strength but let themselves being seduced by clients to offer what they cannot do: too short delivery times, too low prices or a specially designed new product. They promised it out of fear to loose a client, but instead they loose themselves. When you try to be everything for everybody, you end up being nothing for nobody.

So here also the dialogue, the attunement is important: between what the organisation stands for, its strength, and the needs of the client. And one-sidedness here destroys the organization in the end.

Too much emphasis

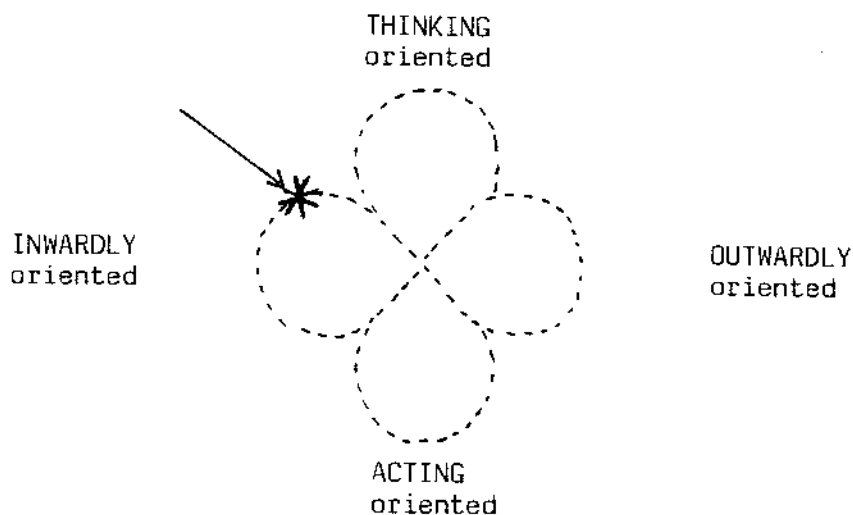
Too much emphasis on the **thinking** aspect and too little connection with practice leads to a theoretical approach of problems and many wrong decisions. In the end, for every problem new rules will be invented, which in turn usually evoke new problems.

Too much emphasis on the **acting** aspect, on the "doing instead of talking" and too little connection with company policy leads to individual unpredictable decisions. The organization is confronted with the irrevocable consequences of this behaviour and chaos may take over.

Too much emphasis on the **inward orientation** leads to people who are more busy with their hobbies, improving quality where it is not really asked for. Striving for perfection. And clients will slowly stand up to turn their back on the company.

On the other side, too much emphasis on the **outward orientation** makes that the company forgets what it stands for and what it really is equipped to do. It starts to build on weakness rather than on strength, and will find itself doing what others can do better or refuse to do. The company will wear out its resources, its lifestream.

In the example of the energy-supplying company, the qualitative diagnosis turned out to be the following:



The emphasis as may be graphically seen was more thinking oriented and inwardly oriented than acting oriented and outwardly oriented. Mainly this was reflected in the fact that the customer had been lost out of sight, and that problems had the tendency to drift upwards, so that only in the top decisions had to be made and policy established. This reflected the general weakness of middle and lower management to make decisions and take initiatives for their own account. A sort of paralysis governed; managers became uncertain on what to do and chose, in case of doubt, to do nothing at all. But also topmanagement for years did not recognise the symptoms and played the game along until the day they found their organization paralysed.

Renewing yes, but how?

As can also be seen in medicine, diagnosing is the easiest part of curing. It is not sufficient to simply tell management to become more client-oriented and to take more decisions and initiatives; you don't change an organization culture by telling people to act differently, but topmanagement itself must start to live up to it! To be more precise: they must reward decision taking by middle-management and disapprove too much asking for advice. Even if in the eyes of topmanagement the decision was not the best possible: don't go for perfectionism; that would be disastrous, because people's selfconfidence will be hurt. No wonder a topmanager would have taken a better decision; but therefore he is no middle-manager but a topmanager. The proper question here is: is the decision good enough? Or if mistakes were made: have we all learned from it? Because if we did, we gained from it: people's capabilities have

increased, however little. No mistakes: no learning! And fear for mistakes is one of the biggest threats to corporate success.

Furthermore, topmanagement has to reward all decisions that improve the client-orientation of the company as well as serve the company's own interest. But how exactly to achieve this, they must leave this question to the middle-managers: they have to be made responsible for implementing these new policies and design action programmes. So topmanagement should stop doing the job for them, but rather create conditions, take a standpoint where the qualitative emphasis should be and evaluate the resulting actions from a point of view of learning.

A useful means to bring these ideas to life in the lower regions of the organization, where in the end the new behaviour has to come to life can be to organise working conferences of at least two hierarchical levels together. The theme for example is: client-orientation. The question is: how to substantially improve this in the next 12 months. And the goal of the conference: at the end of the conference a set of actions has been agreed upon and people have been made responsible for them. And agreement has been reached on when and how to evaluate them. Working this way, the process of stimulating decision-making lower in the organization automatically takes place. To describe however how to proceed in such working conferences could be the contents of yet another article. Let me just say here that a training and organization department can play an important role here, but always in cooperation with topmanagement.

Renewing an organization really comes down to renewing the skills of people, from top to bottom. To refresh all patterns of thinking, judging and acting, to improve knowledge and skills and to refresh people's attitude. But it should be realised that those who wish to do so can only achieve this by demonstrating the new attitude in their own behaviour.