The “New” Organization
Session 1

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September 5, 2003
What is *driving* the changes in strategic design/structure of today’s organization?

What are the *dimensions* of change?

Where are we in the “transition” process?

Who’s *winning*? Losing?
The Speech … (circa 1995-2000)

“To compete effectively we must have a lean and flexible organization that can deliver the world’s most effective (document-processing) products and services …”

Paul Allaire (Xerox)

(part of an announcement in 1996 that Xerox will cut 10,000 jobs the next year)
Variations … (circa 1995-2000)

“We have to recognize that to progress, we must do everything differently … and become a more innovative and flexible company … this is a revolution and it must begin at the top.”

Yoichi Morishita (Matsushita)

“A major overhaul of the federal bureaucracies is long overdue. A lean, flexible and service oriented government will result from decentralizing authority, giving workers more responsibility, putting the customer first, and using market mechanisms to cut costs.”

The “Gore” Plan to “reduce useless bureaucracy … 1998-9
Variations in practice …

“… When a company (in Virgin) gets to a certain size, say 50 people, I put them in a new building … So we actually set up 30 or so small record companies …”

“… Speed is something we are better at than most other companies. We don’t have formal board meetings, committees, etc. If someone has an idea, they can pick up the phone and talk to me. I can vote, ‘done, let’s do it.’ Or, better still, they can just go ahead and do it.”

Richard Branson, Virgin (1998)
Variations in practice ...

“The obsession with decentralization is a part of ABB. What I’ve tried to do is recreate small company dynamism and creativity. I have also made an effort to reduce the layers of management in the company. The advantages lie in communications and feedback. We try to make an environment where you can have creative, entrepreneurial people … We are now experimenting with cutting out a whole layer of clerical supervision to give teams of workers bigger responsibility. I think there is huge potential here … The obstacles to tapping it go back to the roots of the way we run our industrial organizations. It all comes out of the Frederick Taylor system: Managers do the thinking and the workers do the working. This attitude has got to be changed. One doesn’t need a blue or white collar. We are all in the same boat.”

Percy Barnevik, ABB (1998)
Variations in practice …

“…The organizational pyramid is the cause of much corporate evil, because the tip is too far from the base. Pyramids emphasize power, promote insecurity, distort communications, hobble interaction, and make it very difficult for the people who plan and the people who execute to move in the same direction.”

Ricardo Semler (1989)
Key Challenges for the 21st Century …
Rapid Technological change
Hypercompetition
Altered work relations
New business models

But keep in mind …
Business cycles
Consulting companies
Business schools
Political and cultural context
Leading to ...

“We are an innovative, top-down, bottom-up, diagonally driven, vertically integrated global organization, utilizing cross-functional teams within diversifying divisions supporting each other in a soft matrix network format following the customer focused directions set forth by integrative devices called strategic business units.”

From: Anonymous manager in a firm whose CEO emphasized “structural flexibility.”(2000)
What’s in a name ???

Re-engineered organization
Re-invented organization
Re-structured organization
Re-birthed organization
Re-re-organization
Virtual organization
Network organization
Lean organization
Horizontal organization
Hollywood organization
Knowledge organization
Learning organization
Federal organization
Process organization
Pizza organization
Glocalized organization
Delta organization
Post-bureaucratic organization
Post-paradigmatic organization
Post-structural organization
Post-Modern organization
Post-Industrial organization
Post-heroic leader organization
… Post-toasty organization
Changing forms … *THE 1990’S*

**Old/Traditional**
- Tall hierarchy
- Narrow
- Single job
- Individual task
- Rules, standards
- Job specific
- First-line manager
- Top-down
- Done by manager
- Specialized function
- Upward, linear
- By seniority
- By grade
- Fixed
- Time
- Low
- Homogeneous
- ETC.

**New/Transformed**
- Flat hierarchy
- Broad
- Job rotation
- Teamwork
- Ongoing learning
- Broad skills
- Team facilitator
- Shared
- Done by team
- Team function
- Lateral, flexible
- By skills & org needs
- By results
- Flexible
- Initiative
- High
- Diverse
- ETC.
### Changing forms in Semco

#### 1980 vs 1989

<table>
<thead>
<tr>
<th>1980</th>
<th>1989</th>
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</thead>
<tbody>
<tr>
<td>12 Levels (Job Classification)</td>
<td>3 Levels</td>
</tr>
<tr>
<td>Appraisal top-down</td>
<td>Bottom-Up (360 degrees)</td>
</tr>
<tr>
<td>Job schedule fixed</td>
<td>Hours self-set</td>
</tr>
<tr>
<td>Search workers</td>
<td>No search</td>
</tr>
<tr>
<td>Executive “perks”</td>
<td>No executive perks</td>
</tr>
<tr>
<td>Large facilities</td>
<td>Break-up large facilities</td>
</tr>
<tr>
<td>Executives hire</td>
<td>Subordinates hire</td>
</tr>
<tr>
<td>Large corporate staff</td>
<td>75% reduction of staff</td>
</tr>
<tr>
<td>Wages set by personnel</td>
<td>Workers set own wages</td>
</tr>
<tr>
<td>No profit sharing</td>
<td>Profit sharing</td>
</tr>
<tr>
<td>Quality Control Department</td>
<td>No QC Department</td>
</tr>
<tr>
<td>Production quotas</td>
<td>No production quotas</td>
</tr>
<tr>
<td>Major decisions at top</td>
<td>Vote on major decisions</td>
</tr>
<tr>
<td>No access to financial info</td>
<td>Unlimited info</td>
</tr>
</tbody>
</table>

... and more
# CONTRASTING ORGANIZATIONAL FORMS

<table>
<thead>
<tr>
<th>Old Model</th>
<th>New Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bounded</td>
<td>Networked</td>
</tr>
<tr>
<td>Hierarchical</td>
<td>Flat</td>
</tr>
<tr>
<td>Fixed (rules and procedures)</td>
<td>Flexible</td>
</tr>
<tr>
<td>Homogenous</td>
<td>Diverse</td>
</tr>
<tr>
<td>Home-Based</td>
<td>Global</td>
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