RICHARD L. DAFT

Organization Theory and Design

9TH EDITION

Organization Theory and Design

NINTH EDITION

Richard L. Daft

VANDERBILT UNIVERSITY

THOMSON
SOUTH-WESTERN

Australia · Brazil · Canada · Mexico · Singapore · Spain · United Kingdom · United States

Organization Theory and Design, Ninth Edition

Richard L. Daft

With the Assistance of Patricia G. Lane

Vice President/Editorial Director:
Jack W. Calhoun

Vice President/Editor-in-Chief:
Dave Shaut

Senior Acquisitions Editor:
Joe Sabatino

Senior Developmental Editor:
Emma F. Guttler

Marketing Manager:
Kimberly Kanakas

Senior Production Project Manager:
Cliff Kallemeyn

Technology Project Editor:
Kristen Meere

Web Coordinator:
Karen Schaffer

Art Director:
Tippy McIntosh

Senior Manufacturing Coordinator:
Doug Wilke

Photo Editor:
Deanna Ettinger

Production House:
Graphic World Inc.

Printer:
RR Donnelley
Willard, OH

Printed in the United States of America
1 2 3 4 5 08 07 06 05

Student Edition ISBN 0-324-40542-1

Instructor Edition ISBN 0-324-42272-5

Library of Congress Control Number:

2005937447

For more information about our products, contact us at:

Thomson Learning Academic Resource Center

1-800-423-0563

Thomson Higher Education
5191 Natorp Boulevard
Mason, OH 45040
USA

About the Author

Richard L. Daft, Ph.D., is the Brownlee O. Currey, Jr., Professor of Management in the Owen Graduate School of Management at Vanderbilt University. Professor Daft specializes in the study of organization theory and leadership. Professor Daft is a Fellow of the Academy of Management and has served on the editorial boards of *Academy of Management Journal, Administrative Science Quarterly,* and *Journal of Management Education*. He was the Associate Editor-in-Chief of *Organization Science* and served for three years as associate editor of *Administrative Science Quarterly*.

Professor Daft has authored or co-authored 12 books, including *Management* (Thomson Learning/South-Western, 2005), *The Leadership Experience* (Thomson Learning/South-Western, 2005), and *What to Study: Generating and Developing Research Questions* (Sage, 1982). He recently published *Fusion Leadership: Unlocking the Subtle Forces That Change People and Organizations* (Berrett-Koehler, 2000, with Robert Lengel). He has also authored dozens of scholarly articles, papers, and chapters. His work has been published in *Administrative Science Quarterly, Academy of Management Journal, Academy of Management Review, Strategic Management Journal, Journal of Management, Accounting Organizations and Society, Management Science, MIS Quarterly, California Management Review,* and *Organizational Behavior Teaching Review*. Professor Daft has been awarded several government research grants to pursue studies of organization design, organizational innovation and change, strategy implementation, and organizational information processing.

Professor Daft is also an active teacher and consultant. He has taught management, leadership, organizational change, organizational theory, and organizational behavior. He has been involved in management development and consulting for many companies and government organizations, including the American Banking Association, Bell Canada, National Transportation Research Board, NL Baroid, Nortel, TVA, Pratt & Whitney, State Farm Insurance, Tenneco, the United States Air Force, the United States Army, J. C. Bradford & Co., Central Parking System, Entergy Sales and Service, Bristol-Myers Squibb, First American National Bank, and the Vanderbilt University Medical Center.

Brief Contents

Preface xv

Part 1: Introduction to Organizations 1
1. Organizations and Organization Theory 2

Part 2: Organizational Purpose and Structural Design 53
2. Strategy, Organization Design, and Effectiveness 54
3. Fundamentals of Organization Structure 88

Part 3: Open System Design Elements 135
4. The External Environment 136
5. Interorganizational Relationships 170
6. Designing Organizations for the International Environment 204

Part 4: Internal Design Elements 243
7. Manufacturing and Service Technologies 244
8. Information Technology and Control 286
9. Organization Size, Life Cycle, and Decline 319

Part 5: Managing Dynamic Processes 357
10. Organizational Culture and Ethical Values 358
11. Innovation and Change 398
12. Decision-Making Processes 441
13. Conflict, Power, and Politics 481

Integrative Cases 517
1.0 It Isn't So Simple: Infrastructure Change at Royce Consulting 518
2.0 Custom Chip, Inc. 522
3.0 W. L. Gore & Associates, Inc. Entering 1998 528
4.0 XEL Communications, Inc. (C): Forming a Strategic Partnership 543
5.0 Empire Plastics 549
6.0 The Audubon Zoo, 1993 552
7.0 Moss Adams, LLP 566
8.1 Littleton Manufacturing (A) 577
8.2 Littleton Manufacturing (B) 589

Glossary 591
Name Index 601
Corporate Name Index 610
Subject Index 614

Contents

Preface xv

Part 1: Introduction to Organizations 1

Chapter 1: Organizations and Organization Theory 2

A Look Inside: Xerox Corporation 3

Organization Theory in Action 6

Topics, 6 • Current Challenges, 6

Leading by Design: The Rolling Stones 7

Purpose of This Chapter, 10

What Is an Organization? 10

Definition, 10 • Types of Organizations, 11 • Importance of Organizations, 12

Book Mark 1.0: The Company: A Short History of a Revolutionary Idea 12

Perspectives on Organizations 14

Open Systems, 14 • Organizational Configuration, 16

Dimensions of Organization Design 17

Structural Dimensions, 17 • Contextual Dimensions, 20

In Practice: W. L. Gore & Associates 21

Performance and Effectiveness Outcomes, 22

In Practice: Federal Bureau of Investigation 24

The Evolution of Organization Theory and Design 25

Historical Perspectives, 25 • Contemporary Organization Design, 27 • Efficient Performance versus the Learning Organization, 28

In Practice: Cementos Mexicanos 32

Framework for the Book 33

Levels of Analysis, 33 • Plan of the Book, 34 • Plan of Each Chapter, 36

Summary and Interpretation 36

Chapter 1 Workbook: Measuring Dimensions of Organizations 38

Case for Analysis: Perdue Farms Inc.: Responding to 21st Century Challenges 39

Part 2: Organizational Purpose and Structural Design 53

Chapter 2: Strategy, Organization Design, and Effectiveness 54

A Look Inside: Starbucks Corporation 55

Purpose of This Chapter, 56

The Role of Strategic Direction in Organization Design 56

Organizational Purpose 58

Mission, 58 • Operative Goals, 59

Leading by Design: Wegmans 61

The Importance of Goals, 62

A Framework for Selecting Strategy and Design 62

Porter's Competitive Strategies, 63

In Practice: Ryanair 64

Miles and Snow's Strategy Typology, 65

Book Mark 2.0: What Really Works: The 4 + 2 Formula for Sustained Business Success 66
How Strategies Affect Organization Design, 67 • Other Factors Affecting Organization Design, 69
Assessing Organizational Effectiveness 70
Contingency Effectiveness Approaches 70
Goal Approach, 71
In Practice: Chevrolet 72
Resource-based Approach, 73 • Internal Process Approach, 74
An Integrated Effectiveness Model 75
In Practice: The Thomson Corporation 78
Summary and Interpretation 79
Chapter 2 Workbook: Identifying Company Goals and Strategies 80
Case for Analysis: The University Art Museum 81
Case for Analysis: Airstar, Inc. 84
Chapter 2 Workshop: Competing Values and Organizational Effectiveness 85

Chapter 3: Fundamentals of Organization Structure 88
A Look Inside: Ford Motor Company 89
Purpose of This Chapter, 90
Organization Structure 90
Information-Processing Perspective on Structure 91
Book Mark 3.0: The Future of Work: How the New Order of Business Will Shape Your Organization, Your Management Style, and Your Life 92
Vertical Information Linkages, 93
In Practice: Oracle Corporation 94
Horizontal Information Linkages, 95
Organization Design Alternatives 99
Required Work Activities, 99 • Reporting Relationships, 100 • Departmental Grouping Options, 100
Functional, Divisional, and Geographical Designs 102
Functional Structure, 102
In Practice: Blue Bell Creameries, Inc. 103
Functional Structure with Horizontal Linkages, 104 • Divisional Structure, 104
In Practice: Microsoft 106
Geographical Structure, 107
Matrix Structure 108
Conditions for the Matrix, 109 • Strengths and Weaknesses, 110
In Practice: Englander Steel 111
Horizontal Structure 113
Characteristics, 114
In Practice: GE Salisbury 115
Strengths and Weaknesses, 116
Virtual Network Structure 117
How the Structure Works, 117
In Practice: TiVo Inc. 118
Strengths and Weaknesses, 118
Hybrid Structure 120
Applications of Structural Design 122
Structural Alignment, 122 • Symptoms of Structural Deficiency, 123
Summary and Interpretation 124
Chapter 3 Workbook: You and Organization Structure 126
Case for Analysis: C & C Grocery Stores, Inc. 126
Case for Analysis: Aquarius Advertising Agency 129

Part 3: Open System Design Elements 135

Chapter 4: The External Environment 136
A Look Inside: Nokia 137
Purpose of This Chapter, 138
The Environmental Domain 138
Task Environment, 138 • General Environment, 140 • International Context, 141
In Practice: Ogilvy & Mather 142
Environmental Uncertainty 142
Simple–Complex Dimension, 143 • Stable–Unstable Dimension, 144
Book Mark 4.0: Confronting Reality: Doing What Matters to Get Things Right 144
Framework, 145
Adapting to Environmental Uncertainty 147
Positions and Departments, 147 • Buffering and Boundary Spanning, 147

In Practice: Genesco 149
Differentiation and Integration, 149 • Organic versus Mechanistic Management Processes, 151 • Planning, Forecasting, and Responsiveness, 152
Leading by Design: Rowe Furniture Company 153
Framework for Organizational Responses to Uncertainty 154
Resource Dependence 154
Controlling Environmental Resources 156
Establishing Interorganizational Linkages, 156
In Practice: Verizon and SBC Communications Inc. 157
Controlling the Environmental Domain, 159
In Practice: Wal-Mart 160
Organization–Environment Integrative Framework, 161
Summary and Interpretation 161
Chapter 4 Workbook: Organizations You Rely On 164
Case for Analysis: The Paradoxical Twins: Acme and Omega Electronics 165

Chapter 5: Interorganizational Relationships 170

A Look Inside: International Truck and Engine Corporation 171
Purpose of This Chapter, 172
Organizational Ecosystems 172
Is Competition Dead? 173
In Practice: Amazon.com Inc. 173
The Changing Role of Management, 174 • Interorganizational Framework, 176
Resource Dependence 177
Resource Strategies, 177 • Power Strategies, 178
Collaborative Networks 178
Why Collaboration? 179 • From Adversaries to Partners, 180
Book Mark 5.0: Managing Strategic Relationships: The Key to Business Success 181
In Practice: Bombardier 182
Population Ecology 183
Organizational Form and Niche, 184 • Process of Ecological Change, 185
Leading by Design: Shazam—It's Magic! 186
Strategies for Survival, 187
In Practice: Genentech 188
Institutionalism 188
In Practice: Wal-Mart 189
The Institutional View and Organization Design, 190 • Institutional Similarity, 190
Summary and Interpretation 193
Chapter 5 Workbook: Management Fads 195
Case for Analysis: Oxford Plastics Company 195
Case for Analysis: Hugh Russel, Inc. 196
Chapter 5 Workshop: Ugli Orange Case 199

Chapter 6: Designing Organizations for the International Environment 204

A Look Inside: Gruner + Jahr 205
Purpose of This Chapter, 206
Entering the Global Arena 206
Motivations for Global Expansion, 206 • Stages of International Development, 209 • Global Expansion through International Strategic Alliances, 210
Designing Structure to Fit Global Strategy 211
Model for Global versus Local Opportunities, 211 • International Division, 214 • Global Product Division Structure, 215 • Global Geographical Division Structure, 215
In Practice: Colgate-Palmolive Company 217
Global Matrix Structure, 218
In Practice: Asea Brown Boveri Ltd. (ABB) 219
Building Global Capabilities 220
The Global Organizational Challenge, 220
In Practice: Sony 223
Global Coordination Mechanisms, 224
Cultural Differences in Coordination and Control 227
National Value Systems, 227 • Three National Approaches to Coordination and Control, 227
Book Mark 6.0: Cross-Cultural Business Behavior: Marketing, Negotiating and Managing Across Cultures 228
The Transnational Model of Organization 230
Summary and Interpretation 233
Chapter 6 Workbook: Made in the U.S.A.? 235
Case for Analysis: TopDog Software 235
Case for Analysis: Rhodes Industries 236
Chapter 6 Workshop: Comparing Cultures 239

Part 4: Internal Design Elements 243

Chapter 7: Manufacturing and Service Technologies 244

A Look Inside: American Axle & Manufacturing (AAM) 245

Purpose of This Chapter, 247

Core Organization Manufacturing Technology 248

Manufacturing Firms, 248 • Strategy, Technology, and Performance, 250

In Practice: Printronix 251

Book Mark 7.0: Inviting Disaster: Lessons from the Edge of Technology 252

Contemporary Applications 253

Flexible Manufacturing Systems, 253 • Lean Manufacturing, 254

In Practice: Autoliv 255

Leading by Design: Dell Computer 256

Performance and Structural Implications, 257

Core Organization Service Technology 259

Service Firms, 259 • Designing the Service Organization, 262

In Practice: Pret A Manger 263

Non-Core Departmental Technology 264

Variety, 264 • Analyzability, 264 • Framework, 264

Department Design 266

In Practice: Parkland Memorial Hospital 268

Workflow Interdependence among Departments 269

Types, 269 • Structural Priority, 271 • Structural Implications, 272

In Practice: Athletic Teams 273

Impact of Technology on Job Design 274

Job Design, 274 • Sociotechnical Systems, 275

Summary and Interpretation 276

Chapter 7 Workbook: Bistro Technology 278

Case for Analysis: Acetate Department 280

Chapter 8: Information Technology and Control 286

A Look Inside: The Progressive Group of Insurance Companies 287

Purpose of This Chapter, 289

Information Technology Evolution 289

In Practice: Anheuser-Busch 290

Information for Decision Making and Control 291

Organizational Decision-Making Systems, 291 • Feedback Control Model, 293 • Management Control Systems, 293

In Practice: eBay 295

The Balanced Scorecard, 296

Adding Strategic Value: Strengthening Internal Coordination 298

Intranets, 298 • Enterprise Resource Planning, 299 • Knowledge Management, 300

Book Mark 8.0: The Myth of the Paperless Office 302

In Practice: Montgomery-Watson Harza 303

Adding Strategic Value: Strengthening External Relationships 304

Leading by Design: Corrugated Supplies 304

The Integrated Enterprise, 305 • Customer Relationship Management, 307 • E-Business Organization Design, 307

In Practice: Tesco.com 308

IT Impact on Organization Design 309

Summary and Interpretation 311

Chapter 8 Workbook: Are You Fast Enough to Succeed in Internet Time? 313

Case for Analysis: Century Medical 315

Case for Analysis: Product X 316

Chapter 9: Organization Size, Life Cycle, and Decline 319

A Look Inside: Interpol 320

Purpose of This Chapter, 321

Organization Size: Is Bigger Better? 321

Pressures for Growth, 321 • Dilemmas of Large Size, 322

Book Mark 9.0: Execution: The Discipline of Getting Things Done 325

Organizational Life Cycle 326

Stages of Life Cycle Development, 326

In Practice: Nike 329

Organizational Characteristics during the Life Cycle, 330

Organizational Bureaucracy and Control 331

What Is Bureaucracy? 332

In Practice: United Parcel Service 333

Size and Structural Control, 334

Bureaucracy in a Changing World 335
Organizing Temporary Systems for Flexibility and Innovation, 336 • Other Approaches to Reducing Bureaucracy, 337
Leading by Design: The Salvation Army 338
Organizational Control Strategies 339
Bureaucratic Control, 339 • Market Control, 340
In Practice: Imperial Oil Limited 341
Clan Control, 341
In Practice: Southwest Airlines 342
Organizational Decline and Downsizing 343
Definition and Causes, 343 • A Model of Decline Stages, 344
In Practice: Brobeck, Phleger & Harrison LLP 346
Downsizing Implementation, 346
In Practice: Charles Schwab & Company 348
Summary and Interpretation 348
Chapter 9 Workbook: Control Mechanisms 350
Case for Analysis: Sunflower Incorporated 351
Chapter 9 Workshop: Windsock, Inc. 352

Part 5: Managing Dynamic Processes 357

Chapter 10: Organizational Culture and Ethical Values 358
A Look Inside: Boots Company PLC 359
Purpose of This Chapter, 360
Organizational Culture 361
What Is Culture? 361 • Emergence and Purpose of Culture, 361 • Interpreting Culture, 363
Book Mark 10.0: Good to Great: Why Some Companies Make the Leap . . . And Others Don't 364
Organization Design and Culture 367
The Adaptability Culture, 368 • The Mission Culture, 368
In Practice: J.C. Penney 369
The Clan Culture, 369 • The Bureaucratic Culture, 369 • Culture Strength and Organizational Subcultures, 370
In Practice: Pitney Bowes Credit Corporation 371
Organizational Culture, Learning, and Performance 371
Leading by Design: JetBlue Airways 372
Ethical Values and Social Responsibility 374
Sources of Individual Ethical Principles, 374 • Managerial Ethics and Social Responsibility, 375 • Does It Pay to Be Good? 377
Sources of Ethical Values in Organizations 378
Personal Ethics, 378 • Organizational Culture, 379 • Organizational Systems, 379 • External Stakeholders, 380
How Leaders Shape Culture and Ethics 381
Values-based Leadership, 381
In Practice: Kingston Technology Co. 382
Formal Structure and Systems, 382
In Practice: General Electric 385
Corporate Culture and Ethics in a Global Environment 386
Summary and Interpretation 387
Chapter 10 Workbook: Shop 'til You Drop: Corporate Culture in the Retail World 389
Case for Analysis: Implementing Change at National Industrial Products 390
Case for Analysis: Does This Milkshake Taste Funny? 392
Chapter 10 Workshop: The Power of Ethics 394

Chapter 11: Innovation and Change 398
A Look Inside: Toyota Motor Corporation 399
Purpose of This Chapter, 400
Innovate or Perish: The Strategic Role of Change 400
Incremental versus Radical Change, 400 • Strategic Types of Change, 402
Leading by Design: Google 403
Elements for Successful Change 405
Technology Change 407
The Ambidextrous Approach, 407 • Techniques for Encouraging Technology Change, 408
In Practice: W. L. Gore 411
New Products and Services 412
New Product Success Rate, 412 • Reasons for New Product Success, 412 • Horizontal Coordination Model, 413
In Practice: Procter & Gamble 415

Achieving Competitive Advantage: The Need for Speed, 416

Strategy and Structure Change 417

The Dual-Core Approach, 417 • Organization Design for Implementing Administrative Change, 418

In Practice: Tyco International 419

Culture Change 420

Forces for Culture Change, 420

In Practice: X-Rite Inc. 421

Organization Development Culture Change Interventions, 422

Strategies for Implementing Change 424

Book Mark 11.0: The Change Monster: The Human Forces That Fuel or Foil Corporate Transformation and Change 424

Leadership for Change, 425 • Barriers to Change, 426 • Techniques for Implementation, 426

Summary and Interpretation 429

Chapter 11 Workbook: Innovation Climate 430

Case for Analysis: Shoe Corporation of Illinois 432

Case for Analysis: Southern Discomfort 436

Chapter 12: Decision-Making Processes 441

A Look Inside: Maytag 442

Purpose of This Chapter, 443

Definitions 443

Individual Decision Making 445

Rational Approach, 445

In Practice: Alberta Consulting 448

Bounded Rationality Perspective, 448

Leading by Design: Motek 450

Book Mark 12.0: Blink: The Power of Thinking without Thinking 452

In Practice: Paramount Pictures 453

Organizational Decision Making 453

Management Science Approach, 453

In Practice: Continental Airlines 454

Carnegie Model, 456

In Practice: Encyclopaedia Britannica 457

Incremental Decision Process Model, 458

In Practice: Gillette Company 461

The Learning Organization 462

Combining the Incremental Process and Carnegie Models, 462 • Garbage Can Model, 463

In Practice: I ♥ Huckabees 466

Contingency Decision-Making Framework 467

Problem Consensus, 467 • Technical Knowledge about Solutions, 468 • Contingency Framework, 468

Special Decision Circumstances 471

High-Velocity Environments, 471 • Decision Mistakes and Learning, 472 • Escalating Commitment, 473

Summary and Interpretation 473

Chapter 12 Workbook: Decision Styles 475

Case for Analysis: Cracking the Whip 476

Case for Analysis: The Dilemma of Aliesha State College: Competence versus Need 477

Chapter 13: Conflict, Power, and Politics 481

A Look Inside: Morgan Stanley 482

Purpose of This Chapter, 483

Intergroup Conflict in Organizations 483

Sources of Conflict, 484

Leading by Design: Advanced Cardiovascular Systems 486

Rational versus Political Model, 487

Power and Organizations 488

Individual versus Organizational Power, 489 • Power versus Authority, 489 • Vertical Sources of Power, 490 • Horizontal Sources of Power, 494

In Practice: University of Illinois 496

In Practice: HCA and Aetna Inc. 498

Political Processes in Organizations 498

Definition, 499 • When Is Political Activity Used? 500

Using Power, Politics, and Collaboration 500

Tactics for Increasing Power, 501 • Political Tactics for Using Power, 502

Book Mark 13.0: Influence: Science and Practice 504

In Practice: Yahoo! 505

Tactics for Enhancing Collaboration, 505

In Practice: Aluminum Company of America/ International Association of Machinists 506
Summary and Interpretation 508
Chapter 13 Workbook: How Do You Handle Conflict? 510
Case for Analysis: The Daily Tribune 511
Case for Analysis: Pierre Dux 512

Integrative Cases 517

1.0 It Isn't So Simple: Infrastructure Change at Royce Consulting 518
2.0 Custom Chip, Inc. 522
3.0 W. L. Gore & Associates, Inc. Entering 1998 528
4.0 XEL Communications, Inc. (C): Forming a Strategic Partnership 543
5.0 Empire Plastics 549
6.0 The Audubon Zoo, 1993 552
7.0 Moss Adams, LLP 566
8.1 Littleton Manufacturing (A) 577
8.2 Littleton Manufacturing (B) 589

Glossary 591
Name Index 601
Corporate Name Index 610
Subject Index 614

Preface

My vision for the Ninth Edition of *Organization Theory and Design* is to integrate contemporary problems about organization design with classic ideas and theories in a way that is interesting and enjoyable for students. Significant changes in this edition include updates to every chapter that incorporate the most recent ideas, new case examples, new book reviews, new end-of-chapter cases, and new end-of-book integrative cases. The research and theories in the field of organization studies are rich and insightful and will help students and managers understand their organizational world and solve real-life problems. My mission is to combine the concepts and models from organizational theory with changing events in the real world to provide the most up-to-date view of organization design available.

Distinguishing Features of the Ninth Edition

Many students in a typical organization theory course do not have extensive work experience, especially at the middle and upper levels, where organization theory is most applicable. To engage students in the world of organizations, the Ninth Edition adds and expands significant features: Leading by Design boxes with current examples of companies that are successfully using organization design concepts to compete in today's complex and uncertain business world, student experiential activities that engage students in applying chapter concepts, new Book Marks, new In Practice examples, and new end-of-chapter and integrative cases for student analysis. The total set of features substantially expands and improves the book's content and accessibility. These multiple pedagogical devices are used to enhance student involvement in text materials.

Leading by Design The Leading by Design features describe companies that have undergone a major shift in organization design, strategic direction, values, or culture as they strive to be more competitive in today's turbulent global environment. Many of these companies are applying new design ideas such as network organizing, e-business, or temporary systems for flexibility and innovation. The Leading by Design examples illustrate company transformations toward knowledge sharing, empowerment of employees, new structures, new cultures, the breaking down of barriers between departments and organizations, and the joining together of employees in a common mission. Examples of Leading by Design organizations include Wegmans Supermarkets, Google, The Salvation Army, JetBlue, Corrugated Supplies, Shazam, the Rolling Stones, and Dell Computer.

Book Marks Book Marks, a unique feature of this text, are book reviews that reflect current issues of concern for managers working in real-life organizations. These reviews describe the varied ways companies are dealing with the challenges of today's changing environment. New Book Marks in the Ninth Edition include *The Future of Work: How the New Order of Business Will Shape Your Organization, Your Management Style, and Your Life; Execution: The Discipline of Getting Things Done; What Really Works: The 4 + 2 Formula for Sustained Business Success; Blink: The Power of Thinking without Thinking; The Company: A Short History of a Revolutionary Idea;* and *Confronting Reality: Doing What Matters to Get Things Right*.

New Case Examples This edition contains many new examples to illustrate theoretical concepts. Many examples are international, and all are based on real organizations. New chapter opening cases for the Ninth Edition include Gruner + Jahr, International Truck and Engine Company, Morgan Stanley, Ford Motor Company, Boots Company PLC, Maytag, Toyota, and American Axle & Manufacturing. New In Practice cases used within chapters to illustrate specific concepts include TiVo Inc., General Electric, J.C. Penney, Genentech, Ryanair, Charles Schwab and Company, Nike, Verizon Communications, eBay, Tyco International, Sony, and the Federal Bureau of Investigation.

A Look Inside This feature introduces each chapter with a relevant and interesting organizational example. Many examples are international, and all are based on real organizations. New cases include Boots Company PLC, International Truck and Engine Company, Gruner + Jahr, Morgan Stanley, Toyota, and American Axle & Manufacturing.

In Practice These cases also illustrate theoretical concepts in organizational settings. New In Practice cases used within chapters to illustrate specific concepts include J.C. Penney, Charles Schwab and Company, eBay, the Federal Bureau of Investigation, Ryanair, Chevrolet, Genentech, Tyco International, and Sony.

Manager's Briefcase Located in the chapter margins, this feature tells students how to use concepts to analyze cases and manage organizations.

Text Exhibits Frequent exhibits are used to help students visualize organizational relationships, and the artwork has been redone to communicate concepts more clearly.

Summary and Interpretation The summary and interpretation section tells students how the chapter points are important in the broader context of organizational theory.

Case for Analysis These cases are tailored to chapter concepts and provide a vehicle for student analysis and discussion.

Integrative Cases The integrative cases at the end of the text are positioned to encourage student discussion and involvement. These cases include Royce Consulting; Custom Chip, Inc.; W. L. Gore & Associates, Inc.; XEL Communications, Inc.; Empire Plastics; The Audubon Zoo; Moss Adams, LLP; and Littleton Manufacturing.

New Concepts

Many concepts have been added or expanded in this edition. New material has been added on culture, learning, and performance; virtual network organization structures; applying ethics to create socially responsible organizations; outsourcing; lean manufacturing; customer relationship management; political tactics for increasing and using manager power; applying business intelligence; and the use of global coordination mechanisms for transferring knowledge and innovation. Many ideas are aimed at helping students learn to design organizations for an environment characterized by uncertainty; a renewed emphasis on ethics and social responsibility; and the need for a speedy response to change, crises, or shifting customer expectations. In addition, coping with the complexity of today's global environment is explored thoroughly in Chapter 6.

Chapter Organization

Each chapter is highly focused and is organized into a logical framework. Many organization theory textbooks treat material in sequential fashion, such as "Here's View A, Here's View B, Here's View C," and so on. *Organization Theory and Design* shows how they apply in organizations. Moreover, each chapter sticks to the essential point. Students are not introduced to extraneous material or confusing methodological squabbles that occur among organizational researchers. The body of research in most areas points to a major trend, which is reported here. Several chapters develop a framework that organizes major ideas into an overall scheme.

This book has been extensively tested on students. Feedback from students and faculty members has been used in the revision. The combination of organization theory concepts, book reviews, examples of leading organizations, case illustrations, experiential exercises, and other teaching devices is designed to meet student learning needs, and students have responded favorably.

Supplements

Instructor's Manual with Test Bank (ISBN: 0-324-40543-X) The Instructor's Manual contains chapter overviews, chapter outlines, lecture enhancements, discussion questions, discussion of workbook activities, discussion of chapter cases, Internet activities, case notes for integrative cases, and a guide to the videos available for use with the text. The Test Bank consists of multiple choice, true/false, and short answer questions.

PowerPoint Lecture Presentation Available on the Instructor's Resource CD-ROM and the Web site, the PowerPoint Lecture Presentation enables instructors to customize their own multimedia classroom presentations. Prepared in conjunction with the text and instructor's resource guide, the package contains approximately 150 slides. It includes figures and tables from the text, as well as outside materials to supplement chapter concepts. Material is organized by chapter and can be modified or expanded for individual classroom use. PowerPoints are also easily printed to create customized transparency masters.

ExamView A computerized version of the Test Bank is available upon request. ExamView contains all of the questions in the printed test bank. This program is easy-to-use test creation software compatible with Microsoft Windows. Instructors can add or edit questions, instructions, and answers and can select questions (randomly or numerically) by previewing them on the screen. Instructors can also create and administer quizzes online, whether over the Internet, a local area network (LAN), or a wide area network (WAN).

Instructor's Resource CD-ROM (ISBN: 0-324-40579-0) Key instructor ancillaries (Instructor's Manual, Test Bank, ExamView, and PowerPoint slides) are provided on CD-ROM, giving instructors the ultimate tool for customizing lectures and presentations.

WebTutor™ Toolbox (0-324-43106-6 on WebCT or 0-324-43109-0 on BlackBoard) WebTutor is an interactive, Web-based student supplement on WebCT and/or BlackBoard that harnesses the power of the Internet to deliver innovative learning aids that actively engage students. The instructor can incorporate WebTutor as an integral part of the course, or the students can use it on their own as a study guide.

Web Site (http://daft.swlearning.com) The Daft Web site is a comprehensive, resource-rich location for both instructors and students to find pertinent information. The Instructor Resources section contains an Instructor's Manual download, Test Bank download, PowerPoint download, and case material.

Experiential Exercises in Organization Theory and Design, Second Edition By H. Eugene Baker III and Steven K. Paulson of the University of North Florida

Tailored to the Table of Contents in Daft's *Organization Theory and Design,* Ninth Edition, the core purpose of *Experiential Exercises in Organization Theory and Design* is to provide courses in organizational theory with a set of classroom exercises that will help students better understand and internalize the basic principles of the course. The chapters of the book cover the most basic and widely covered concepts in the field. Each chapter focuses on a central topic, such as organizational power, production technology, or organizational culture, and provides all necessary materials to fully participate in three different exercises. Some exercises are intended to be completed by individuals, others in groups, and still others can be used either way. The exercises range from instrumentation-based and assessment questionnaires to actual creative production activities.

Acknowledgments

Textbook writing is a team enterprise. The Ninth Edition has integrated ideas and hard work from many people to whom I am grateful. Reviewers and focus group participants made an especially important contribution. They praised many features, were critical of things that didn't work well, and offered valuable suggestions.

David Ackerman
University of Alaska, Southeast

Suzanne Clinton
Cameron University

Michael Bourke
Houston Baptist University

Jo Anne Duffy
Sam Houston State University

Cheryl Duvall
Mercer University

Patricia Feltes
Missouri State University

Robert Girling
Sonoma State University

John A. Gould
University of Maryland

Ralph Hanke
Pennsylvania State University

Bruce J. Hanson
Pepperdine University

Guiseppe Labianca
Tulane University

Jane Lemaster
University of Texas–Pan American

Steven Maranville
University of Saint Thomas

Rick Martinez
Baylor University

Janet Near
Indiana University

Julie Newcomer
Texas Woman's University

Asbjorn Osland
George Fox University

Laynie Pizzolatto
Nicholls State University

Samantha Rice
Abilene Christian University

Richard Saaverda
University of Michigan

W. Robert Sampson
University of Wisconsin, Eau Claire

Amy Sevier
University of Southern Mississippi

W. Scott Sherman
Pepperdine University

Thomas Terrell
Coppin State College

Jack Tucci
Southeastern Louisiana University

Judith White
Santa Clara University

Jan Zahrly
University of North Dakota

Among my professional colleagues, I am grateful to my friends and colleagues at Vanderbilt's Owen School—Bruce Barry, Ray Friedman, Neta Moye, Rich Oliver, David Owens, and Bart Victor—for their intellectual stimulation and feedback. I also owe a special debt to Dean Jim Bradford and Senior Associate Dean Joe Blackburn for providing the time and resources for me to stay current on the organization design literature and develop the revisions for the text.

I want to extend special thanks for my editorial associate, Pat Lane. She skillfully drafted materials on a variety of topics and special features, found resources, and did an outstanding job with the copyedited manuscript and page proofs. Pat's personal enthusiasm and care for the content of this text enabled the Ninth Edition to continue its high level of excellence.

The team at South-Western also deserves special mention. Joe Sabatino did a great job of designing the project and offering ideas for improvement. Emma Guttler was superb as Developmental Editor, keeping the people and project on schedule while solving problems creatively and quickly. Cliff Kallemeyn, Production Editor, provided superb project coordination and used his creativity and management skills to facilitate the book's on-time completion.

Finally, I want to acknowledge the love and contributions of my wife, Dorothy Marcic. Dorothy has been very supportive of my textbook projects and has created

an environment in which we can grow together. She helped the book take a giant step forward with her creation of the Workbook and Workshop student exercises. Perhaps best of all, Dorothy lets me practice applying organization design ideas as co-producer of her theatrical productions. I also want to acknowledge the love and support of my daughters, Danielle, Amy, Roxanne, Solange, and Elizabeth, who make my life special during our precious time together.

Organization Theory and Design

NINTH EDITION

Richard L. Daft

VANDERBILT UNIVERSITY

THOMSON
SOUTH-WESTERN

Australia · Brazil · Canada · Mexico · Singapore · Spain · United Kingdom · United States

Organization Theory and Design, Ninth Edition

Richard L. Daft

With the Assistance of Patricia G. Lane

Vice President/Editorial Director:
Jack W. Calhoun

Vice President/Editor-in-Chief:
Dave Shaut

Senior Acquisitions Editor:
Joe Sabatino

Senior Developmental Editor:
Emma F. Guttler

Marketing Manager:
Kimberly Kanakas

Senior Production Project Manager:
Cliff Kallemeyn

Technology Project Editor:
Kristen Meere

Web Coordinator:
Karen Schaffer

Art Director:
Tippy McIntosh

Senior Manufacturing Coordinator:
Doug Wilke

Photo Editor:
Deanna Ettinger

Production House:
Graphic World Inc.

Printer:
RR Donnelley
Willard, OH

Printed in the United States of America
1 2 3 4 5 08 07 06 05

Student Edition ISBN 0-324-40542-1

Instructor Edition ISBN 0-324-42272-5

Library of Congress Control Number:

2005937447

For more information about our products, contact us at:

Thomson Learning Academic Resource Center

1-800-423-0563

Thomson Higher Education
5191 Natorp Boulevard
Mason, OH 45040
USA

Integrative Cases

Integrative Case 1.0

It Isn't So Simple: Infrastructure Change at Royce Consulting

Background
Infrastructure and Proposed Changes
Work Patterns
Organizational Culture
Current Situation
The Feasibility Study
The Challenge

Integrative Case 2.0

Custom Chip, Inc.

Introduction
Company Background
The Manufacturing Process
Role of the Product Engineer
Weekly Meeting
Coordination with Applications Engineers
Coordination with Manufacturing
Later in the Day

Integrative Case 3.0

W. L. Gore & Associates, Inc. Entering 1998

The First Day on the Job
Company Background
Company Products
W. L. Gore & Associates' Approach to Organization and Structure
The Lattice Organization
Features of W. L. Gore's Culture
W. L. Gore & Associates' Sponsor Program
Compensation Practices
W. L. Gore & Associates' Guiding Principles and Core Values
Research and Development
Development of Gore Associates
Marketing Approaches and Strategy
Adapting to Changing Environmental Forces
W. L. Gore & Associates' Financial Performance
Acknowledgments
Excerpts from Interviews with Associates

Integrative Case 4.0

XEL Communications, Inc. (C): Forming a Strategic Partnership

XEL Communications, Inc.
The XEL Vision
Which Path to Choose
Staying the Course
Going Public
Strategic Partnership
The Case Against Strategic Partnership
Choosing a Partner
Going Forward

Integrative Case 5.0

Empire Plastics

A Project to Remember
Conflict Ahead
Failing . . . Forward

Integrative Case 6.0

The Audubon Zoo, 1993

The Decision
Purpose of the Zoo
New Directions
Operations
Financial
Management
The Zoo in the Late 1980s
The Future

Integrative Case 7.0

Moss Adams, LLP

Company Background
The Industry and the Market
The Wine Industry Niche
The Aftermath

Integrative Case 8.1

Littleton Manufacturing (A)

The Problems
The Company
The Financial Picture
The Quality Improvement System
How Different Levels Perceived the Problems
Top Management
Recommendation Time

Integrative Case 8.2

Littleton Manufacturing (B)

Integrative Case 1.0

It Isn't So Simple: Infrastructure Change at Royce Consulting*

1.0

The lights of the city glittered outside Ken Vincent's twelfth-floor office. After nine years of late nights and missed holidays, Ken was in the executive suite with the words "Associate Partner" on the door. Things should be easier now, but the proposed changes at Royce Consulting had been more challenging than he had expected. "I don't understand," he thought. "At Royce Consulting our clients, our people, and our reputation are what count, so why do I feel so much tension from the managers about the changes that are going to be made in the office? We've analyzed why we have to make the changes. Heck, we even got an outside person to help us. The administrative support staff are pleased. So why aren't the managers enthusiastic? We all know what the decision at tomorrow's meeting will be—Go! Then it will all be over. Or will it?" Ken thought as he turned out the lights.

Background

Royce Consulting is an international consulting firm whose clients are large corporations, usually with long-term contracts. Royce employees spend weeks, months, and even years working under contract at the client's site. Royce consultants are employed by a wide range of industries, from manufacturing facilities to utilities to service businesses. The firm has over 160 consulting offices located in 65 countries. At this location Royce employees included 85 staff members, 22 site managers, 9 partners and associate partners, 6 administrative support staff, 1 human resource professional, and 1 financial support person.

For the most part, Royce Consulting hired entry-level staff straight out of college and promoted from within. New hires worked on staff for five or six years; if they did well, they were promoted to manager. Managers were responsible for maintaining client contracts and assisting partners in creating proposals for future engagements. Those who were not promoted after six or seven years generally left the company for other jobs.

Newly promoted managers were assigned an office, a major perquisite of their new status. During the previous year, some new managers had been forced to share an office because of space limitations. To minimize the friction of sharing an office, one of the managers was usually assigned to a long-term project out of town. Thus, practically speaking, each manager had a private office.

Infrastructure and Proposed Changes

Royce was thinking about instituting a hoteling office system—also referred to as a "nonterritorial" or "free-address" office. A hoteling office system made offices available to managers on a reservation or drop-in basis. Managers are not assigned a permanent office; instead, whatever materials and equipment the manager needs are moved into the temporary office. These are some of the features and advantages of a hoteling office system:

- No permanent office assigned
- Offices are scheduled by reservations
- Long-term scheduling of an office is feasible
- Storage space would be located in a separate file room
- Standard manuals and supplies would be maintained in each office
- Hoteling coordinator is responsible for maintaining offices
- A change in "possession of space"
- Eliminates two or more managers assigned to the same office
- Allows managers to keep the same office if desired
- Managers would have to bring in whatever files they needed for their stay
- Information available would be standardized regardless of office
- Managers do not have to worry about "housekeeping issues"

The other innovation under consideration was an upgrade to state-of-the-art electronic office technology. All managers would receive a new notebook computer with updated communications capability to use Royce's integrated and proprietary software. Also, as part of the electronic office technology, an electronic filing system was considered. The electronic filing system meant information regarding proposals, client records, and promotional materials would be electronically available on the Royce Consulting network.

The administrative support staff had limited experience with many of the application packages used by the managers. While they used word processing extensively, they had little experience with spreadsheets, communications, or graphics packages. The firm had a graphics department and the managers did most of their own work, so the administrative staff did not have to work with those application software packages.

*Presented to and accepted by the Society for Case Research. All rights reserved to the authors and SCR.

This case was prepared by Sally Dresdow of the University of Wisconsin at Green Bay and Joy Benson of the University of Illinois at Springfield and is intended to be used as a basis for class discussion. The views represented here are those of the case authors and do not necessarily reflect the views of the Society for Case Research. The authors' views are based on their own professional judgments. The names of the organization, individuals, and location have been disguised to preserve the organization's request for anonymity.

Work Patterns

Royce Consulting was located in a large city in the Midwest. The office was located in the downtown area, but it was easy to get to. Managers assigned to in-town projects often stopped by for a few hours at various times of the day. Managers who were not currently assigned to client projects were expected to be in the office to assist on current projects or work with a partner to develop proposals for new business.

In a consulting firm, managers spend a significant portion of their time at client sites. As a result, the office occupancy rate at Royce Consulting was about 40 to 60 percent. This meant that the firm paid lease costs for offices that were empty approximately half of the time. With the planned growth over the next ten years, assigning permanent offices to every manager, even in doubled-up arrangements, was judged to be economically unnecessary given the amount of time offices were empty.

The proposed changes would require managers and administrative support staff to adjust their work patterns. Additionally, if a hoteling office system was adopted, managers would need to keep their files in a centralized file room.

Organizational Culture

Royce Consulting had a strong organizational culture, and management personnel were highly effective at communicating it to all employees.

Stability of Culture

The culture at Royce Consulting was stable. The leadership of the corporation had a clear picture of who they were and what type of organization they were. Royce Consulting had positioned itself to be a leader in all areas of large business consulting. Royce Consulting's CEO articulated the firm's commitment to being client-centered. Everything that was done at Royce Consulting was because of the client.

Training

New hires at Royce Consulting received extensive training in the culture of the organization and the methodology employed in consulting projects. They began with a structured program of classroom instruction and computer-aided courses covering technologies used in the various industries in which the firm was involved. Royce Consulting recruited top young people who were aggressive and who were willing to do whatever was necessary to get the job done and build a common bond. Among new hires, camaraderie was encouraged along with a level of competition. This kind of behavior continued to be cultivated throughout the training and promotion process.

Work Relationships

Royce Consulting employees had a remarkably similar outlook on the organization. Accepting the culture and norms of the organization was important for each employee. The norms of Royce Consulting revolved around high performance expectations and strong job involvement.

By the time people made manager, they were aware of what types of behaviors were acceptable. Managers were formally assigned the role of coach to younger staff people, and they modeled acceptable behavior. Behavioral norms included when they came into the office, how late they stayed at the office, and the type of comments they made about others. Managers spent time checking on staff people and talking with them about how they were doing.

1.0

The standard for relationships was that of professionalism. Managers knew they had to do what the partners asked and they were to be available at all times. A norms survey and conversations made it clear that people at Royce Consulting were expected to help each other with on-the-job problems, but personal problems were outside the realm of sanctioned relationships. Personal problems were not to interfere with performance on a job. To illustrate, vacations were put on hold and other kinds of commitments were set aside if something was needed at Royce Consulting.

Organizational Values

Three things were of major importance to the organization: its clients, its people, and its reputation. There was a strong client-centered philosophy communicated and practiced. Organization members sought to meet and exceed customer expectations. Putting clients first was stressed. The management of Royce Consulting listened to its clients and made adjustments to satisfy the client.

The reputation of Royce Consulting was important to those leading the organization. They protected and enhanced it by focusing on quality services delivered by quality people. The emphasis on clients, Royce Consulting personnel, and the firm's reputation was cultivated by developing a highly motivated, cohesive, and committed group of employees.

Management Style and Hierarchical Structure

The company organization was characterized by a directive style of management. The partners had the final word on all issues of importance. It was common to hear statements like "Managers are expected to solve problems, and do whatever it takes to finish the job" and "Whatever the partners want, we do." Partners accepted and asked for managers' feedback on projects, but in the final analysis, the partners made the decisions.

Current Situation

Royce Consulting had an aggressive five-year plan that was predicated on a continued increase in business. Increases in the total number of partners, associate partners, managers, and staff were forecast. Additional office space would be required to accommodate the growth in staff; this would

increase rental costs at a time when Royce's fixed and variable costs were going up.

The partners, led by managing partner Donald Gray and associate partner Ken Vincent, believed that something had to be done to improve space utilization and the productivity of the managers and administrative personnel. The partners approved a feasibility study of the innovations and their impact on the company.

1.0

The ultimate decision makers were the partner group who had the power to approve the concepts and commit the required financial investment. A planning committee consisted of Ken Vincent; the human resources person; the financial officer; and an outside consultant, Mary Schrean.

The Feasibility Study

Within two working days of the initial meeting, all the partners and managers received a memo announcing the hoteling office feasibility study. The memo included a brief description of the concept and stated that it would include an interview with the staff. By this time, partners and managers had already heard about the possible changes and knew that Gray was leaning toward hoteling offices.

Interviews with the Partners

All the partners were interviewed. One similarity in the comments was that they thought the move to hoteling offices was necessary but they were glad it would not affect them. Three partners expressed concern about managers' acceptance of the change to a hoteling system. The conclusion of each partner was that if Royce Consulting moved to hoteling offices, with or without electronic office technology, the managers would accept the change. The reason given by the partners for such acceptance was that the managers would do what the partners wanted done.

The partners all agreed that productivity could be improved at all levels of the organization: in their own work as well as among the secretaries and the managers. Partners acknowledged that current levels of information technology at Royce Consulting would not support the move to hoteling offices and that advances in electronic office technology needed to be considered.

Partners viewed all filing issues as secondary to both the office layout change and the proposed technology improvement. What eventually emerged, however, was that ownership and control of files was a major concern, and most partners and managers did not want anything centralized.

Interviews with the Managers

Personal interviews were conducted with all ten managers who were in the office. During the interviews, four of the managers asked Schrean whether the change to hoteling offices was her idea. The managers passed the question off as a joke; however, they expected a response from her. She stated that she was there as an adviser, that she had not generated the idea, and that she would not make the final decision regarding the changes.

The length of time that these managers had been in their current positions ranged from six months to five years. None of them expressed positive feelings about the hoteling system, and all of them referred to how hard they had worked to make manager and gain an office of their own. Eight managers spoke of the status that the office gave them and the convenience of having a permanent place to keep their information and files. Two of the managers said they did not care so much about the status but were concerned about the convenience. One manager said he would come in less frequently if he did not have his own office. The managers believed that a change to hoteling offices would decrease their productivity. Two managers stated that they did not care how much money Royce Consulting would save on lease costs; they wanted to keep their offices.

However, for all the negative comments, all the managers said that they would go along with whatever the partners decided to do. One manager stated that if Royce Consulting stays busy with client projects, having a permanently assigned office was not a big issue.

During the interviews, every manager was enthusiastic and supportive of new productivity tools, particularly the improved electronic office technology. They believed that new computers and integrated software and productivity tools would definitely improve their productivity. Half the managers stated that updated technology would make the change to hoteling offices "a little less terrible," and they wanted their secretaries to have the same software as they did.

The managers' responses to the filing issue varied. The volume of files managers had was in direct proportion to their tenure in that position: The longer a person was a manager, the more files he or she had. In all cases, managers took care of their own files, storing them in their offices and in whatever filing drawers were free.

As part of the process of speaking with managers, their administrative assistants were asked about the proposed changes. Each of the six thought that the electronic office upgrade would benefit the managers, although they were somewhat concerned about what would be expected of them. Regarding the move to hoteling offices, each said that the managers would hate the change, but that they would agree to it if the partners wanted to move in that direction.

Results of the Survey

A survey developed from the interviews was sent to all partners, associate partners, and managers two weeks after the interviews were conducted. The completed survey was returned by 6 of the 9 partners and associate partners and 16 of the 22 managers. This is what the survey showed.

Work Patterns. It was "common knowledge" that managers were out of the office a significant portion of their time, but there were no figures to substantiate this belief, so the respondents were asked to provide data on where they spent their time. The survey results indicated

that partners spent 38 percent of their time in the office; 54 percent at client sites; 5 percent at home; and 3 percent in other places, such as airports. Managers reported spending 32 percent of their time in the office, 63 percent at client sites, 4 percent at home, and 1 percent in other places.

For 15 workdays, the planning team also visually checked each of the 15 managers' offices four times each day: at 9 a.m., 11 a.m., 2 p.m., and 4 p.m. These times were selected because initial observations indicated that these were the peak occupancy times. An average of six offices (40 percent of all manager offices) were empty at any given time; in other words, there was a 60 percent occupancy rate.

Alternative Office Layouts. One of the alternatives outlined by the planning committee was a continuation of and expansion of shared offices. Eleven of the managers responding to the survey preferred shared offices to hoteling offices. Occasions when more than one manager was in the shared office at the same time were infrequent. Eight managers reported 0 to 5 office conflicts per month; three managers reported 6 to 10 office conflicts per month. The type of problems encountered with shared offices included not having enough filing space, problems in directing telephone calls, and lack of privacy.

Managers agreed that having a permanently assigned office was an important perquisite. The survey confirmed the information gathered in the interviews about managers' attidues: All but two managers preferred shared offices over hoteling, and managers believed their productivity would be negatively impacted. The challenges facing Royce Consulting if they move to hoteling offices centered around tradition and managers' expectations, file accessibility and organization, security and privacy issues, unpredictable work schedules, and high-traffic periods.

Control of Personal Files. Because of the comments made during the face-to-face interviews, survey respondents were asked to rank the importance of having personal control of their files. A 5-point scale was used, with 5 being "strongly agree" and 1 being "strongly disagree." Here are the responses.

Electronic Technology. Royce Consulting had a basic network system in the office that could not accommodate the current partners and managers working at a remote site. The administrative support staff had a separate network, and the managers and staff could not communicate electronically. Of managers responding to the survey, 95 percent wanted to use the network but only 50 percent could actually do so.

Option Analysis

A financial analysis showed that there were significant cost differences between the options under consideration:

Option 1: Continue private offices with some office sharing

- Lease an additional floor in existing building; annual cost, $360,000
- Build out the additional floor (i.e., construct, furnish, and equip offices and work areas): one-time cost, $600,000

Option 2: Move to hoteling offices with upgraded office technology

- Upgrade office electronic technology: one-time cost, $190,000

1.0

Option 1 was expensive because under the terms of the existing lease, Royce had to commit to an entire floor if it wanted additional space. Hoteling offices showed an overall financial advantage of $360,000 per year and a one-time savings of $410,000 over shared or individual offices.

The Challenge

Vincent met with Mary Schrean to discuss the upcoming meeting of partners and managers, where they would present the results of the study and a proposal for action. Included in the report were proposed layouts for both shared and hoteling offices. Vincent and Gray were planning to recommend a hoteling office system, which would include storage areas, state-of-the-art electronic office technology for managers and administrative support staff, and centralized files. The rationale for their decision emphasized the amount of time that managers were out of the office and the high cost of maintaining the status quo and was built around the following points:

1. Royce's business is different: offices are empty from 40 to 60 percent of the time.
2. Real estate costs continue to escalate.
3. Projections indicate there will be increased need for offices and cost-control strategies as the business develops.
4. Royce Consulting plays a leading role in helping organizations implement innovation.

"It's still a go," thought Vincent as he and the others returned from a break. "The cost figures support it and the growth figures support it. It's simple—or is it? The decision is the easy part. What is it about Royce Consulting that will help or hinder its acceptance? In the long run, I hope we strengthen our internal processes and don't hinder our effectiveness by going ahead with these simple changes."

Respondents	Sample	Rank
Partners	6	4.3
Managers:		
0–1 year	5	4.6
2–3 years	5	3.6
4+ years	6	4.3

Integrative Case 2.0

Custom Chip, Inc.*

2.0

Introduction

It was 7:50 on Monday morning. Frank Questin, product engineering manager at Custom Chip, Inc., was sitting in his office making a TO DO list for the day. From 8:00 to 9:30 a.m., he would have his weekly meeting with his staff of engineers. After the meeting, Frank thought he would begin developing a proposal for solving what he called "Custom Chip's manufacturing documentation problem"—inadequate technical information regarding the steps to manufacture many of the company's products. Before he could finish his TO DO list, he answered a phone call from Custom Chip's human resource manager, who asked him about the status of two overdue performance appraisals and reminded him that this day marked Bill Lazarus's fifth-year anniversary with the company. Following this call, Frank hurried off to the Monday morning meeting with his staff.

Frank had been product engineering manager at Custom Chip for fourteen months. This was his first management position, and he sometimes questioned his effectiveness as a manager. Often he could not complete the tasks he set out for himself due to interruptions and problems brought to his attention by others. Even though he had not been told exactly what results he was supposed to accomplish, he had a nagging feeling that he should have achieved more after these fourteen months. On the other hand, he thought maybe he was functioning pretty well in some of his areas of responsibility given the complexity of the problems his group handled and the unpredictable changes in the semiconductor industry—changes caused not only by rapid advances in technology, but also by increased foreign competition and a recent downturn in demand.

Company Background

Custom Chip, Inc., was a semiconductor manufacturer specializing in custom chips and components used in radars, satellite transmitters, and other radio frequency devices. The company had been founded in 1977 and had grown rapidly with sales exceeding $25 million in 1986. Most of the company's 300 employees were located in the main plant in Silicon Valley, but overseas manufacturing facilities in Europe and the Far East were growing in size and importance. These overseas facilities assembled the less complex, higher-volume products. New products and the more complex ones were assembled in the main plant. Approximately one-third of the assembly employees were in overseas facilities.

While the specialized products and markets of Custom Chip provided a market niche that had thus far shielded the company from the major downturn in the semiconductor industry, growth had come to a standstill. Because of this, cost reduction had become a high priority.

The Manufacturing Process

Manufacturers of standard chips have long production runs of a few products. Their cost per unit is low and cost control is a primary determinant of success. In contrast, manufacturers of custom chips have extensive product lines and produce small production runs of special applications. Custom Chip, Inc., for example, had manufactured over 2,000 different products in the last five years. In any one quarter the company might schedule 300 production runs for different products, as many as one-third of which might be new or modified products that the company had not made before. Because they must be efficient in designing and manufacturing many product lines, all custom chip manufacturers are highly dependent on their engineers. Customers are often first concerned with whether Custom Chip can design and manufacture the needed product *at all*; second, with whether they can deliver it on time; and only third, with cost.

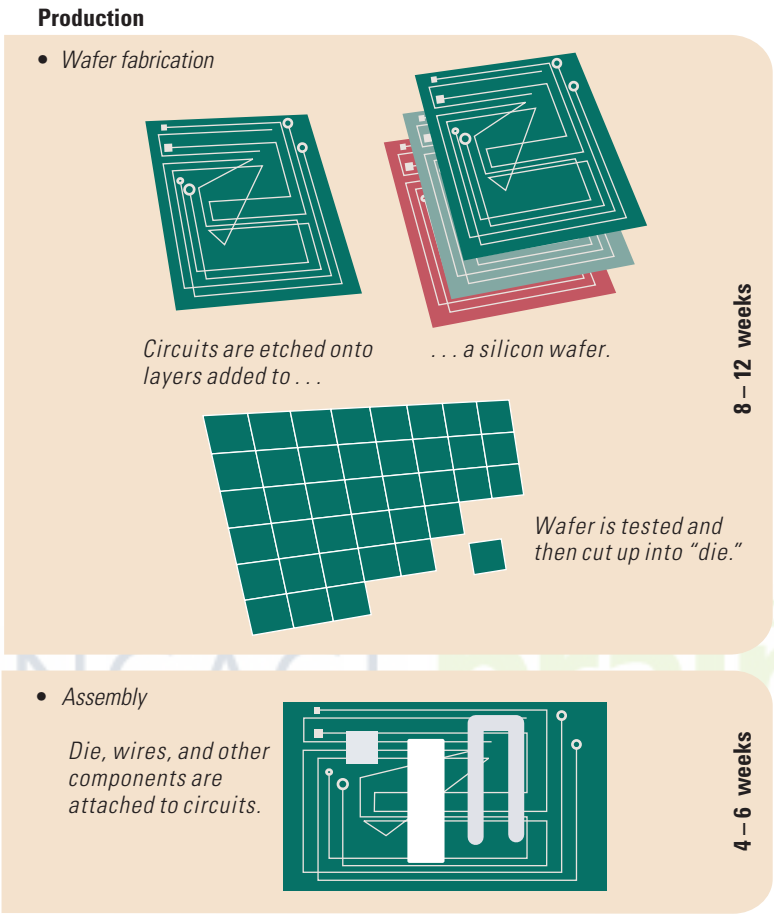
After a product is designed, there are two phases to the manufacturing process. (See Exhibit 1.) The first is wafer fabrication. This is a complex process in which circuits are etched onto the various layers added to a silicon wafer. The number of steps that the wafer goes through plus inherent problems in controlling various chemical processes make it very difficult to meet the exacting specifications required for the final wafer. The wafers, which are typically "just a few" inches in diameter when the fabrication process is complete, contain hundreds, sometimes thousands, of tiny identical die. Once the wafer has been tested and sliced up to produce these die, each die will be used as a circuit component.

If the completed wafer passes the various quality tests, it moves on to the assembly phase. In assembly, the die from the wafers, very small wires, and other components are attached to a circuit in a series of precise operations. This finished circuit is the final product of Custom Chip, Inc.

Each product goes through many independent and delicate operations, and each step is subject to operator or machine error. Due to the number of steps and tests involved, the wafer fabrication takes eight to twelve weeks

*Copyright Murray Silverman, San Francisco State University. Reprinted by permission.

EXHIBIT 1
Manufacturing Process



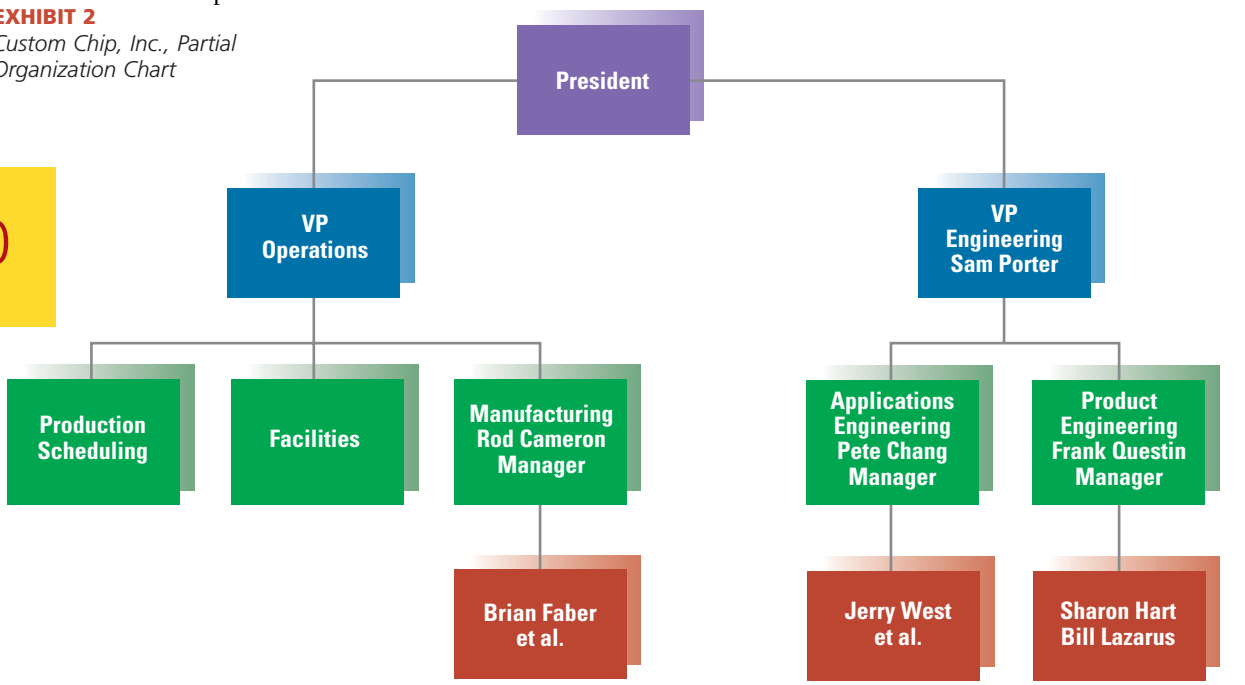
and the assembly process takes four to six weeks. Because of the exacting specifications, products are rejected for the slightest flaw. The likelihood that every product starting the run will make it through all of the processes and still meet specifications is often quite low. For some products, average yield[1] is as low as 40 percent, and actual yields can vary considerably from one run to another. At Custom Chip, the average yield for all products is in the 60 to 70 percent range.

Because it takes so long to make a custom chip, it is especially important to have some control of these yields. For example, if a customer orders one thousand units of a product and typical yields for that product average 50 percent, Custom Chip will schedule a starting batch of 2,200 units. With this approach, even if the yield falls as low as 45.4 percent (45.4 percent of 2,200 is 1,000) the company can still meet the order. If the actual yield falls below 45.4 percent, the order will not be completed in that run, and a very small, costly run of the item will be needed to complete the order. The only way the company can effectively control these yields and stay on schedule is for the engineering groups and operations to cooperate and coordinate their efforts efficiently.

Role of the Product Engineer

The product engineer's job is defined by its relationship to applications engineering and operations. The applications engineers are responsible for designing and developing prototypes when incoming orders are for new or modified products. The product engineer's role is to translate the applications engineering group's design into a set of manufacturing instructions and then to work alongside manufactur-

EXHIBIT 2
Custom Chip, Inc., Partial Organization Chart



2.0

ing to make sure that engineering-related problems get solved. The product engineers' effectiveness is ultimately measured by their ability to control yields on their assigned products. The organization chart in Exhibit 2 shows the engineering and operations departments. Exhibit 3 summarizes the roles and objectives of manufacturing, applications engineering, and product engineering.

The product engineers estimate that 70 to 80 percent of their time is spent in solving day-to-day manufacturing problems. The product engineers have cubicles in a room directly across the hall from the manufacturing facility. If a manufacturing supervisor has a question regarding how to build a product during a run, that supervisor will call the engineer assigned to that product. If the engineer is available, he or she will go to the manufacturing floor to help answer the question. If the engineer is not available, the production run may be stopped and the product put aside so that other orders can be manufactured. This results in delays and added costs. One reason that product engineers are consulted is that documentation—the instructions for manufacturing the product—is unclear or incomplete.

The product engineer will also be called if a product is tested and fails to meet specifications. If a product fails to meet test specifications, production stops, and the engineer must diagnose the problem and attempt to find a solution. Otherwise, the order for that product may be only partially met. Test failures are a very serious problem, which can result in considerable cost increases and

EXHIBIT 3
Departmental Roles and Objectives

Department	Role	Primary Objective
Applications Engineering	Designs and develops prototypes for new or modified products	Satisfy customer needs through innovative designs
Product Engineering	Translates designs into manufacturing instructions and works alongside manufacturing to solve "engineering-related" problems	Maintain and control yields on assigned products
Manufacturing	Executes designs	Meet productivity standards and time schedules

schedule delays for customers. Products do not test properly for many reasons, including operator errors, poor materials, a design that is very difficult to manufacture, a design that provides too little margin for error, or a combination of these.

On a typical day, the product engineer may respond to half a dozen questions from the manufacturing floor, and two to four calls to the testing stations. When interviewed, the engineers expressed a frustration with this situation. They thought they spent too much time solving short-term problems, and, consequently, they were neglecting other important parts of their jobs. In particular, they felt they had little time in which to:

- *Coordinate with applications engineers during the design phase*. The product engineers stated that their knowledge of manufacturing could provide valuable input to the applications engineer. Together they could improve the manufacturability and thus, the yields of the new or modified product.
- *Engage in yield improvement projects*. This would involve an in-depth study of the existing process for a specific product in conjunction with an analysis of past product failures.
- *Accurately document the manufacturing steps for their assigned products, especially for those that tend to have large or repeat orders*. They said that the current state of the documentation is very poor. Operators often have to build products using only a drawing showing the final circuit, along with a few notes scribbled in the margins. While experienced operators and supervisors may be able to work with this information, they often make incorrect guesses and assumptions. Inexperienced operators may not be able to proceed with certain products because of this poor documentation.

Weekly Meeting

As manager of the product engineering group, Frank Questin had eight engineers reporting to him, each responsible for a different set of Custom Chip products. According to Frank:

When I took over as manager, the product engineers were not spending much time together as a group. They were required to handle operations problems on short notice. This made it difficult for the entire group to meet due to constant requests for assistance from the manufacturing area.

I thought that my engineers could be of more assistance and support to each other if they all spent more time together as a group, so one of my first actions as a manager was to institute a regularly scheduled weekly meeting. I let the manufacturing people know that my staff would not respond to requests for assistance during the meeting.

The meeting on this particular Monday morning followed the usual pattern. Frank talked about upcoming company plans, projects, and other news that might be of interest to the group. He then provided data about current yields for each product and commended those engineers who had maintained or improved yields on most of their products. This initial phase of the meeting lasted until about 8:30 a.m. The remainder of the meeting was a meandering discussion of a variety of topics. Since there was no agenda, engineers felt comfortable in raising issues of concern to them.

2.0

The discussion started with one of the engineers describing a technical problem in the assembly of one of his products. He was asked a number of questions and given some advice. Another engineer raised the topic of a need for new testing equipment and described a test unit he had seen at a recent demonstration. He claimed the savings in labor and improved yields from this machine would allow it to pay for itself in less than nine months. Frank immediately replied that budget limitations made such a purchase unfeasible, and the discussion moved into another area. They briefly discussed the increasing inaccessibility of the applications engineers and then talked about a few other topics.

In general, the engineers valued these meetings. One commented that:

The Monday meetings give me a chance to hear what's on everyone's mind and to find out about and discuss company-wide news. It's hard to reach any conclusions because the meeting is a freewheeling discussion. But I really appreciate the friendly atmosphere with my peers.

Coordination with Applications Engineers

Following the meeting that morning, an event occurred that highlighted the issue of the inaccessibility of the applications engineers. An order of 300 units of custom chip 1210A for a major customer was already overdue. Because the projected yield of this product was 70 percent, they had started with a run of 500 units. A sample tested at one of the early assembly points indicated a major performance problem that could drop the yield to below 50 percent. Bill Lazarus, the product engineer assigned to the 1210A, examined the sample and determined that the problem could be solved by redesigning the wiring. Jerry West, the applications engineer assigned to that product category, was responsible for revising the design. Bill tried to contact Jerry, but he was not immediately available, and didn't get back to Bill until later in the day. Jerry explained that he was on a tight schedule trying to finish a design for a customer who was coming into town in two days, and could not get to "Bill's problem" for a while.

Jerry's attitude that the problem belonged to product engineering was typical of the applications engineers. From their point of view there were a number of reasons for making the product engineers' needs for assistance a lower priority. In the first place, applications engineers

were rewarded and acknowledged primarily for satisfying customer needs through designing new and modified products. They got little recognition for solving manufacturing problems. Second, applications engineering was perceived to be more glamorous than product engineering because of opportunities to be credited with innovative and groundbreaking designs. Finally, the size of the applications engineering group had declined over the past year, causing the workload on each engineer to increase considerably. Now they had even less time to respond to the product engineers' requests.

2.0

When Bill Lazarus told Frank about the situation, Frank acted quickly. He wanted this order to be in process again by tomorrow, and he knew manufacturing was also trying to meet this goal. He walked over to see Pete Chang, head of applications engineering (see the organizational chart in Exhibit 2). Meetings like this with Pete to discuss and resolve interdepartmental issues were common.

Frank found Pete at a workbench talking with one of his engineers. He asked Pete if he could talk to him in private, and they walked to Pete's office.

Frank: *We've got a problem in manufacturing in getting out an order of 1210As. Bill Lazarus is getting little or no assistance from Jerry West. I'm hoping you can get Jerry to pitch in and help Bill. It should take no more than a few hours of his time.*

Pete: *I do have Jerry on a short leash trying to keep him focused on getting out a design for Teletronics. We can't afford to show up empty-handed at our meeting with them in two days.*

Frank: *Well, we are going to end up losing one customer in trying to please another. Can't we satisfy everyone here?*

Pete: *Do you have an idea?*

Frank: *Can't you give Jerry some additional support on the Teletronics design?*

Pete: *Let's get Jerry in here to see what we can do.*

Pete brought Jerry back to the office, and together they discussed the issues and possible solutions. When Pete made it clear to Jerry that he considered the problem with the 1210As a priority, Jerry offered to work on the 1210A problem with Bill. He said, "This will mean I'll have to stay a few hours past 5:00 this evening, but I'll do what's required to get the job done."

Frank was glad he had developed a collaborative relationship with Pete. He had always made it a point to keep Pete informed about activities in the product engineering group that might affect the applications engineers. In addition, he would often chat with Pete informally over coffee or lunch in the company cafeteria. This relationship with Pete made Frank's job easier. He wished he had the same rapport with Rod Cameron, the manufacturing manager.

Coordination with Manufacturing

The product engineers worked closely on a day-to-day basis with the manufacturing supervisors and workers. The problems between these two groups stemmed from an inherent conflict between their objectives (see Exhibit 3). The objective of the product engineers was to maintain and improve yields. They had the authority to stop production of any run that did not test properly. Manufacturing, on the other hand, was trying to meet productivity standards and time schedules. When a product engineer stopped a manufacturing run, he or she was possibly preventing the manufacturing group from reaching its objectives.

Rod Cameron, the current manufacturing manager, had been promoted from his position as a manufacturing supervisor a year ago. His views on the product engineers:

The product engineers are perfectionists. The minute a test result looks a little suspicious they want to shut down the factory. I'm under a lot of pressure to get products out the door. If they pull a few $50,000 orders off the line when they are within a few days of reaching shipping, I'm liable to miss my numbers by $100,000 that month.

Besides that, they are doing a lousy job of documenting the manufacturing steps. I've got a lot of turnover, and my new operators need to be told or shown exactly what to do for each product. The instructions for a lot of our products are a joke.

At first, Frank found Rod very difficult to deal with. Rod found fault with the product engineers for many problems and sometimes seemed rude to Frank when they talked. For example, Rod might tell Frank to "make it quick; I haven't got much time." Frank tried not to take Rod's actions personally, and through persistence was able to develop a more amicable relationship with him. According to Frank:

Sometimes, my people will stop work on a product because it doesn't meet test results at that stage of manufacturing. If we study the situation, we might be able to maintain yields or even save an entire run by adjusting the manufacturing procedures. Rod tries to bully me into changing my engineers' decisions. He yells at me or criticizes the competence of my people, but I don't allow his temper or ravings to influence my best judgment in a situation. My strategy in dealing with Rod is to try not to respond defensively to him. Eventually he cools down, and we can have a reasonable discussion of the situation.

Despite this strategy, Frank could not always resolve his problems with Rod. On these occasions, Frank took the issue to his own boss, Sam Porter, the vice president in charge of engineering. However, Frank was not satisfied with the support he got from Sam. Frank said:

Sam avoids confrontations with the operations VP. He doesn't have the influence or clout with the other VPs or the president to do justice to engineering's needs in the organization.

Early that afternoon, Frank again found himself trying to resolve a conflict between engineering and manufacturing. Sharon Hart, one of his most effective product engineers, was responsible for a series of products used in radars—the 3805A–3808A series. Today she had stopped a large run of 3806As. The manufacturing supervisor, Brian Faber, went to Rod Cameron to complain about the impact of this stoppage on his group's productivity. Brian felt that yields were low on that particular product because the production instructions were confusing to his operators, and that even with clearer instructions, his operators would need additional training to build it satisfactorily. He stressed that the product engineer's responsibility was to adequately document the production instructions and provide training. For these reasons, Brian asserted that product engineering, and not manufacturing, should be accountable for the productivity loss in the case of these 3806As.

Rod called Frank to his office, where he joined the discussion with Sharon, Brian, and Rod. After listening to the issues, Frank conceded that product engineering had responsibility for documenting and training. He also explained, even though everyone was aware of it, that the product engineering group had been operating with reduced staff for over a year now, so training and documentation were lower priorities. Because of this staffing situation, Frank suggested that manufacturing and product engineering work together and pool their limited resources to solve the documentation and training problem. He was especially interested in using a few of the long-term experienced workers to assist in training newer workers. Rod and Brian opposed his suggestion. They did not want to take experienced operators off of the line because it would decrease productivity. The meeting ended when Brian stormed out, saying that Sharon had better get the 3806As up and running again that morning.

Frank was particularly frustrated by this episode with manufacturing. He knew perfectly well that his group had primary responsibility for documenting the manufacturing steps for each product. A year ago he told Sam Porter that the product engineers needed to update and standardize all of the documentation for manufacturing products. At that time, Sam told Frank that he would support his efforts to develop the documentation, but would not increase his staff. In fact, Sam had withheld authorization to fill a recently vacated product engineering slot. Frank was reluctant to push the staffing issue because of Sam's adamance about reducing costs. "Perhaps," Frank thought, "if I develop a proposal clearly showing the benefits of a documentation program in manufacturing and detailing the steps and resources required to implement the program, I might be able to convince Sam to provide us with more resources." But Frank could never find the time to develop that proposal. And so he remained frustrated.

Later in the Day

2.0

Frank was reflecting on the complexity of his job when Sharon came to the doorway to see if he had a few moments. Before he could say "Come in," the phone rang. He looked at the clock. It was 4:10 p.m. Pete was on the other end of the line with an idea he wanted to try out on Frank, so Frank said he could call him back shortly. Sharon was upset, and told him that she was thinking of quitting because the job was not satisfying for her.

Sharon said that although she very much enjoyed working on yield improvement projects, she could find no time for them. She was tired of the applications engineers acting like "prima donnas," too busy to help her solve what they seemed to think were mundane day-to-day manufacturing problems. She also thought that many of the day-to-day problems she handled wouldn't exist if there was enough time to document manufacturing procedures to begin with.

Frank didn't want to lose Sharon, so he tried to get into a frame of mind where he could be empathetic to her. He listened to her and told her that he could understand her frustration in this situation. He told her the situation would change as industry conditions improved. He told her that he was pleased that she felt comfortable in venting her frustrations with him, and he hoped she would stay with Custom Chip.

After Sharon left, Frank realized that he had told Pete that he would call back. He glanced at the TO DO list he had never completed, and realized that he hadn't spent time on his top priority—developing a proposal relating to solving the documentation problem in manufacturing. Then, he remembered that he had forgotten to acknowledge Bill Lazarus's fifth-year anniversary with the company. He thought to himself that his job felt like a roller coaster ride, and once again he pondered his effectiveness as a manager.

Note

1. Yield refers to the ratio of finished products that meet specifications relative to the number that initially entered the manufacturing process.

Integrative Case 3.0

W. L. Gore & Associates, Inc. Entering 1998*

3.0

"To make money and have fun." W. L. Gore

The First Day on the Job

Bursting with resolve, Jack Dougherty, a newly minted M.B.A. from the College of William and Mary, reported to his first day at W. L. Gore & Associates on July 26, 1976. He presented himself to Bill Gore, shook hands firmly, looked him in the eye, and said he was ready for anything.

Jack was not ready, however, for what happened next. Gore replied, "That's fine, Jack, fine. Why don't you look around and find something you'd like to do?" Three frustrating weeks later he found that something: trading in his dark blue suit for jeans, he loaded fabric into the mouth of a machine that laminated the company's patented GORE-TEX®[1] membrane to fabric. By 1982, Jack had become responsible for all advertising and marketing in the fabrics group. This story is part of the folklore of W. L. Gore & Associates.

Today the process is more structured. Regardless of the job for which they are hired, new Associates[2] take a journey through the business before settling into their own positions. A new sales Associate in the fabrics division may spend six weeks rotating through different areas before beginning to concentrate on sales and marketing. Among other things the newcomer learns is how GORE-TEX fabric is made, what it can and cannot do, how Gore handles customer complaints, and how it makes its investment decisions.

Anita McBride related her early experience at W. L. Gore & Associates this way: "Before I came to Gore, I had worked for a structured organization. I came here, and for the first month it was fairly structured because I was going through training and this is what we do and this is how Gore is and all of that. I went to Flagstaff for that training. After a month I came down to Phoenix and my sponsor said, 'Well, here's your office; it's a wonderful office,' and 'Here's your desk,' and walked away. And I thought, 'Now what do I do?' You know, I was waiting for a memo or something, or a job description. Finally after another month I was so frustrated, I felt, 'What have I gotten myself into?' And so I went to my sponsor and I said, 'What the heck do you want from me? I need something from you.' And he said, 'If you don't know what you're supposed to do, examine your commitment, and opportunities.'"

Company Background

W. L. Gore & Associates was formed by the late Wilbert L. Gore and his wife in 1958. The idea for the business sprang from his personal, organizational, and technical experiences at E. I. DuPont de Nemours, and, particularly, his discovery of a chemical compound with unique properties. The compound, now widely know as GORE-TEX, has catapulted W. L. Gore & Associates to a high ranking on the *Forbes* 1998 list of the 500 largest private companies in the United States, with estimated revenues of more than $1.1 billion. The company's avant-garde culture and people management practices resulted in W. L. Gore being ranked as the seventh best company to work for in America by *Fortune* in a January 1998 article.

Wilbert Gore was born in Meridian, Idaho, near Boise in 1912. By age six, according to his own account, he was an avid hiker in the Wasatch Mountain Range in Utah. In those mountains, at a church camp, he met Genevieve, his future wife. In 1935, they got married—in their eyes, a partnership. He would make breakfast and Vieve, as everyone called her, would make lunch. The partnership lasted a lifetime.

He received both a bachelor of science in chemical engineering in 1933 and a master of science in physical chemistry in 1935 from the University of Utah. He began his professional career at American Smelting and Refining in 1936. He moved to Remington Arms Company in 1941 and then to E. I. DuPont de Nemours in 1945. He held positions as research supervisor and head of operations research. While at DuPont, he worked on a team to develop applications for polytetrafluoroethylene, referred to as PTFE in the scientific community and known as "Teflon" by DuPont's consumers. (Consumers know it under other names from other companies.) On this team Wilbert Gore, called Bill by everyone, felt a sense of excited commitment, personal fulfillment, and self-direction. He followed the development of computers and transistors and felt that PTFE had the ideal insulating characteristics for use with such equipment.

He tried many ways to make a PTFE-coated ribbon cable without success. A breakthrough came in his home basement laboratory while he was explaining the problem to his nineteen-year-old son, Bob. The young Gore saw some PTFE sealant tape made by 3M and asked his father, "Why don't you try this tape?" Bill then explained that everyone knew that you cannot bond PTFE to itself. Bob went on to bed.

Bill Gore remained in his basement lab and proceeded to try what everyone knew would not work. At about

*Prepared by Frank Shipper, Department of Management and Marketing, Franklin P. Perdue School of Business, Salisbury State University and Charles C. Manz, Nirenberg Professor of Business Leadership, School of Management, University of Massachusetts. Used with permission.

4 a.m. he woke up his son, waving a small piece of cable around and saying excitedly, "It works, it works." The following night father and son returned to the basement lab to make ribbon cable coated with PTFE. Because the breakthrough idea came from Bob, the patent for the cable was issued in Bob's name.

For the next four months Bill Gore tried to persuade DuPont to make a new product—PTFE-coated ribbon cable. By this time in his career Bill Gore knew some of the decision makers at DuPont. After talking to a number of them, he came to realize that DuPont wanted to remain a supplier of raw materials and not a fabricator.

Bill and his wife, Vieve, began discussing the possibility of starting their own insulated wire and cable business. On January 1, 1958, their wedding anniversary, they founded W. L. Gore & Associates. The basement of their home served as their first facility. After finishing dinner that night, Vieve turned to her husband of twenty-three years and said, "Well, let's clear up the dishes, go downstairs, and get to work."

Bill Gore was forty-five years old with five children to support when he left DuPont. He put aside a career of seventeen years, and a good, secure salary. To finance the first two years of the business, he and Vieve mortgaged their house and took $4,000 from savings. All their friends told them not to do it.

The first few years were rough. In lieu of salary, some of their employees accepted room and board in the Gore home. At one point eleven Associates were living and working under one roof. One afternoon, while sifting PTFE powder, Vieve received a call from the City of Denver's water department. The caller indicated that he was interested in the ribbon cable, but wanted to ask some technical questions. Bill was out running some errands. The caller asked for the product manager. Vieve explained that he was out at the moment. Next he asked for the sales manager and finally, the president. Vieve explained that they were also out. The caller became outraged and hollered, "What kind of company is this anyway?" With a little diplomacy the Gores were able eventually to secure an order for $100,000. This order put the company on a profitable footing and it began to take off.

W. L. Gore & Associates continued to grow and develop new products, primarily derived from PTFE. Its best-known product would become GORE-TEX fabric. In 1986, Bill Gore died while backpacking in the Wind River Mountains of Wyoming. He was then Chairman of the Board. His son, Bob, continued to occupy the position of president. Vieve remained as the only other officer, secretary-treasurer.

Company Products

In 1998, W. L. Gore & Associates has a fairly extensive line of high-tech products that are used in a variety of applications, including electronic, waterproofing, industrial filtration, industrial seals, and coatings.

Electronic & Wire Products

Gore electronic products have been found in unconventional places where conventional products will not do—in space shuttles, for example, where Gore wire and cable assemblies withstand the heat of ignition and the cold of space. In addition, they have been found in fast computers, transmitting signals at up to 93 percent of the speed of light. Gore cables have even gone underground, in oil-drilling operations, and underseas, on submarines that require superior microwave signal equipment and no-fail cables that can survive high pressure. The Gore electronic products division has a history of anticipating future customer needs with innovative products. Gore electronic products have been well received in industry for their ability to last under adverse conditions. For example, Gore has become, according to Sally Gore, leader in Human Resources and Communications, "one of the largest manufacturers of ultrasound cable in the world, the reason being that Gore's electronic cables' signal transmission is very, very accurate and it's very thin and extremely flexible and has a very, very long flex life. That makes it ideal for things like ultrasound and many medical electronic applications."

3.0

Medical Products

The medical division began on the ski slopes of Colorado. Bill was skiing with a friend, Dr. Ben Eiseman of Denver General Hospital. As Bill Gore told the story: "We were just to start a run when I absentmindedly pulled a small tubular section of GORE-TEX out of my pocket and looked at it. 'What is that stuff?' Ben asked. So I told him about its properties. 'Feels great,' he said. 'What do you use it for?' 'Got no idea,' I said. 'Well give it to me,' he said, 'and I'll try it in a vascular graft on a pig.' Two weeks later, he called me up. Ben was pretty excited. 'Bill,' he said, 'I put it in a pig and it works. What do I do now?' I told him to get together with Pete Cooper in our Flagstaff plant, and let them figure it out." Not long after, hundreds of thousands of people throughout the world began walking around with GORE-TEX vascular grafts.

GORE-TEX's expanded PTFE proved to be an ideal replacement for human tissue in many situations. In patients suffering from cardiovascular disease the diseased portion of arteries has been replaced by tubes of expanded PTFE—strong, biocompatible structures capable of carrying blood at arterial pressures. Gore has a strong position in this product segment. Other Gore medical products have included patches that can literally mend broken hearts by sealing holes, and sutures that allow for tissue attachment and offer the surgeon silk-like handling coupled with extreme strength. In 1985, W. L. Gore & Associates won Britain's Prince Philip Award for Poly-

mers in the Service of Mankind. The award recognized especially the lifesaving achievements of the Gore medical products team.

Two recently developed products by this division are a new patch material that is intended to incorporate more tissue into the graft more quickly and the GORE™ RideOn®[3] Cable System for bicycles. According to Amy LeGere of the medical division, "All the top pro riders in the world are using it. It was introduced just about a year ago and it has become an industry standard." This product had a positive cash flow very soon after its introduction. Some Associates who were also outdoor sports enthusiasts developed the product and realized that Gore could make a great bicycle cable that would have 70 percent less friction and need no lubrication. The Associates maintain that the profitable development, production, and marketing of such specialized niche products are possible because of the lack of bureaucracy and associated overhead, Associate commitment, and the use of product champions.

3.0

Industrial Products

The output of the industrial products division has included sealants, filter bags, cartridges, clothes, and coatings. Industrial filtration products, such as GORE-TEX filter bags, have reduced air pollution and recovered valuable solids from gases and liquids more completely than alternatives—and they have done so economically. In the future they may make coal-burning plants completely smoke-free, contributing to a cleaner environment. The specialized and critical applications of these products, along with Gore's reputation for quality, have had a strong influence on industrial purchasers.

This division has developed a unique joint sealant—a flexible cord of porous PTFE—that can be applied as a gasket to the most complex shapes, sealing them to prevent leakage of corrosive chemicals, even at extreme temperature and pressure. Steam valves packed with GORE-TEX have been sold with a lifetime guarantee, provided the valve is used properly. In addition, this division has introduced Gore's first consumer product—GLIDE®[4]—a dental floss. "That was a product that people knew about for a while and they went the route of trying to persuade industry leaders to promote the product, but they didn't really pursue it very well. So out of basically default almost, Gore decided, Okay, they're not doing it right. Let's go in ourselves. We had a champion, John Spencer, who took that and pushed it forward through the dentists' offices and it just skyrocketed. There were many more people on the team but it was basically getting that one champion who focused on that product and got it out. They told him it 'couldn't be done,' 'It's never going to work,' and I guess that's all he needed. It was done and it worked," said Ray Wnenchak of the industrial products division. Amy LeGere added, "The champion worked very closely with the medical people to understand the medical market like claims and labeling so that when the product came out on the market it would be consistent with our medical products. And that's where, when we cross divisions, we know whom to work with and with whom we combine forces so that the end result takes the strengths of all of our different teams." As of 1998, GLIDE has captured a major portion of the dental floss market and the mint flavor is the largest-selling variety in the U.S. market based on dollar volume.

Fabric Products

The Gore fabrics division has supplied laminates to manufacturers of foul weather gear, ski wear, running suits, footwear, gloves, and hunting and fishing garments. Firefighters and U.S. Navy pilots have worn GORE-TEX fabric gear, as have some Olympic athletes. The U.S. Army adopted a total garment system built around a GORE-TEX fabric component. Employees in high-tech clean rooms also wear GORE-TEX garments.

GORE-TEX membrane has 9 billion pores randomly dotting each square inch and is feather-light. Each pore is 700 times larger than a water vapor molecule, yet thousands of times smaller than a water droplet. Wind and water cannot penetrate the pores, but perspiration can escape.

As a result, fabrics bonded with GORE-TEX membrane are waterproof, windproof, and breathable. The laminated fabrics bring protection from the elements to a variety of products—from survival gear to high-fashion rainwear. Other manufacturers, including 3M, Burlington Industries, Akzo Nobel Fibers, and DuPont, have brought out products to compete with GORE-TEX fabrics. Earlier, the toughest competition came from firms that violated the patents on GORE-TEX. Gore successfully challenged them in court. In 1993, the basic patent on the process for manufacturing ran out. Nevertheless, as Sally Gore explained, "what happens is you get an initial process patent and then as you begin to create things with this process you get additional patents. For instance we have patents protecting our vascular graft, different patents for protecting GORE-TEX patches, and still other patents protecting GORE-TEX industrial sealants and filtration material. One of our patent attorneys did a talk recently, a year or so ago, when the patent expired and a lot of people were saying, Oh, golly, are we going to be in trouble! We would be in trouble if we didn't have any patents. Our attorney had this picture with a great big umbrella, sort of a parachute, with Gore under it. Next he showed us lots of little umbrellas scattered all over the sky. So you protect certain niche markets and niche areas, but indeed competition increases as your initial patents expire." Gore, however, has

continued to have a commanding position in the activewear market.

To meet a variety of customer needs, Gore introduced a new family of fabrics in the 1990s (Exhibit 1). The introduction posed new challenges. According to Bob Winterling, "we did such a great job with the brand GORE-TEX that we actually have hurt ourselves in many ways. By that I mean it has been very difficult for us to come up with other new brands, because many people didn't even know Gore. We are the GORE-TEX company. One thing we decided to change about Gore four or five years ago was instead of being the GORE-TEX company we wanted to become the Gore company and that underneath the Gore company we had an umbrella of products that fall out of being the great Gore company. So it was a shift in how we positioned GORE-TEX. Today GORE-TEX is stronger than ever as it's turned out, but now we've ventured into such things as WindStopper®[5] fabric that is very big in the golf market. It could be a sweater or a fleece piece or even a knit shirt with the WindStopper behind it or closer to your skin and what it does is it stops the wind. It's not waterproof; it's water resistant. What we've tried to do is position the Gore name and beneath that all of the great products of the company."

W. L. Gore & Associates' Approach to Organization and Structure

W. L. Gore & Associates has never had titles, hierarchy, or any of the conventional structures associated with enterprises of its size. The titles of president and secretary-treasurer continue to be used only because they are required by the laws of incorporation. In addition, Gore has never had a corporate-wide mission or code of ethics statement, nor has Gore ever required or prohibited business units from developing such statements for themselves. Thus, the Associates of some business units who have felt a need for such statements have developed them on their own. When questioned about this issue, one Associate stated, "The company belief is that (1) its four basic operating principles cover ethical practices required of people in business; (2) it will not tolerate illegal practices." Gore's management style has been referred to as unmanagement. The organization has been guided by Bill's experiences on teams at DuPont and has evolved as needed.

3.0

For example, in 1965 W. L. Gore & Associates was a thriving company with a facility on Paper Mill Road in Newark, Delaware. One Monday morning in the summer, Bill Gore was taking his usual walk through the plant. All of a sudden he realized that he did not know everyone in the plant. The team had become too big. As a result, he established the practice of limiting plant size to approximately two hundred Associates. Thus was born the expansion policy of "Get big by staying small." The purpose of maintaining small plants was to accentuate a close-knit atmosphere and encourage communication among Associates in a facility.

At the beginning of 1998, W. L. Gore & Associates consisted of over forty-five plants worldwide with approximately seven thousand Associates. In some cases, the plants are grouped together on the same site (as in Flagstaff, Arizona, with ten plants). Overseas, Gore's manufacturing facilities are located in Scotland, Germany, and China, and the company has two joint ventures in Japan (Exhibit 2). In addition, it has sales facilities located in fifteen other countries. Gore manufactures electronic, medical, industrial, and fabric products. In addition, it has numerous sales offices worldwide, including offices in Eastern Europe and Russia.

EXHIBIT 1
Gore's Family of Fabrics

Brand Name	Activity/Conditions	Breathability	Water Protection	Wind Protection
GORE-TEX®	rain, snow, cold, windy	very breathable	waterproof	windproof
Immersion™ technology	for fishing and paddle sports	very breathable	waterproof	windproof
Ocean technology	for offshore and coastal sailing	very breathable	waterproof	windproof
WindStopper®	cool/cold, windy	very breathable	no water resistance	windproof
Gore Dryloft™	cold, windy, light precipitation	extremely breathable	water-resistant	windproof
Activent™	cool/cold, windy, light precipitation	extremely breathable	water-resistant	windproof

EXHIBIT 2

International Locations of W. L. Gore & Associates

3.0

The Lattice Organization

W. L. Gore & Associates has been described not only as unmanaged, but also as unstructured. Bill Gore referred to the structure as a lattice organization (Exhibit 3). The characteristics of this structure are:

1. Direct lines of communication—person to person—no intermediary
2. No fixed or assigned authority
3. Sponsors, not bosses
4. Natural leadership defined by followership
5. Objectives set by those who must "make them happen"
6. Tasks and functions organized through commitments

The structure within the lattice is complex and evolves from interpersonal interactions, self commitment to group-known responsibilities, natural leadership, and group-imposed discipline. Bill Gore once explained the structure this way: "Every successful organization has an underground lattice. It's where the news spreads like lightning, where people can go around the organization to get things done." An analogy might be drawn to a structure of constant cross-area teams—the equivalent of quality circles going on all the time. When a puzzled interviewer told Bill that he was having trouble understanding how planning and accountability worked, Bill replied with a grin: "So am I. You ask me how it works? Every which way."

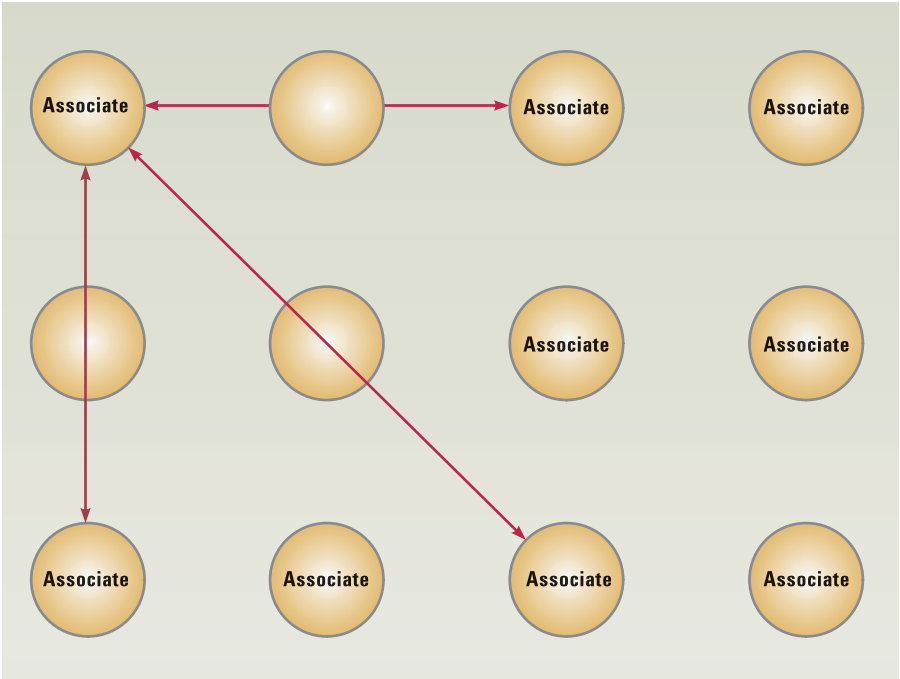
The lattice structure has not been without its critics. As Bill Gore stated, "I'm told from time to time that a lattice organization can't meet a crisis well because it takes too long to reach a consensus when there are no bosses. But this isn't true. Actually, a lattice by its very nature works particularly well in a crisis. A lot of useless effort is avoided because there is no rigid management hierarchy to conquer before you can attack a problem."

The lattice has been put to the test on a number of occasions. For example, in 1975, Dr. Charles Campbell of the University of Pittsburgh reported that a GORE-TEX arterial graft had developed an aneurysm. If the bubble-like protrusion continued to expand, it would explode.

Obviously, this life-threatening situation had to be resolved quickly and permanently. Within only a few days of Dr. Campbell's first report, he flew to Newark to present his findings to Bill and Bob Gore and a few other Associates. The meeting lasted two hours. Dan Hubis, a former policeman who had joined Gore to develop new production methods, had an idea before the meeting was over. He returned to his work area to try some different production techniques. After only three hours and twelve tries, he had developed a permanent solution. In other words, in three hours a potentially damaging problem to both patients and the company was resolved. Furthermore, Hubis's redesigned graft went on to win widespread acceptance in the medical community.

Eric Reynolds, founder of Marmot Mountain Works Ltd. of Grand Junction, Colorado, and a major Gore customer, raised another issue: "I think the lattice has its prob-

EXHIBIT 3
The Lattice Structure



3.0

lems with the day-to-day nitty-gritty of getting things done on time and out the door. I don't think Bill realizes how the lattice system affects customers. I mean, after you've established a relationship with someone about product quality, you can call up one day and suddenly find that someone new to you is handling your problem. It's frustrating to find a lack of continuity." He went on to say: "But I have to admit that I've personally seen at Gore remarkable examples of people coming out of nowhere and excelling."

When Bill Gore was asked if the lattice structure could be used by other companies, he answered: "No. For example, established companies would find it very difficult to use the lattice. Too many hierarchies would be destroyed. When you remove titles and positions and allow people to follow who they want, it may very well be someone other than the person who has been in charge. The lattice works for us, but it's always evolving. You have to expect problems." He maintained that the lattice system worked best when it was put in place in start-up companies by dynamic entrepreneurs.

Not all Gore Associates function well in this unstructured work environment, especially initially. For those accustomed to a more structured work environment, there can be adjustment problems. As Bill Gore said: "All our lives most of us have been told what to do, and some people don't know how to respond when asked to do something—and have the very real option of saying no—on their job. It's the new Associate's responsibility to find out what he or she can do for the good of the operation." The vast majority of the new Associates, after some initial floundering, have adapted quickly.

Others, especially those who require more structured working conditions, have found that Gore's flexible workplace is not for them. According to Bill, for those few, "It's an unhappy situation, for both the Associate and the sponsor. If there is no contribution, there is no paycheck."

As Anita McBride, an Associate in Phoenix, noted: "It's not for everybody. People ask me do we have turnover, and yes we do have turnover. What you're seeing looks like utopia, but it also looks extreme. If you finally figure the system, it can be real exciting. If you can't handle it, you gotta go. Probably by your own choice, because you're going to be so frustrated." Overall, the Associates appear to have responded positively to the Gore system of unmanagement and unstructure. And the company's lattice organization has proven itself to be good from a bottom-line perspective. Bill estimated the year before he died that "the profit per Associate is double" that of DuPont.

Features of W. L. Gore's Culture

Outsiders have been struck by the degree of informality and humor in the Gore organization. Meetings tend to be only as long as necessary. As Trish Hearn, an Associate in Newark, Delaware, said, "No one feels a need to pontificate." Words such as "responsibilities" and "commitments" are commonly heard, whereas words such as "em-

ployees," "subordinates," and "managers" are taboo in the Gore culture. This is an organization that has always taken what it does very seriously, without its members taking themselves too seriously.

3.0

For a company of its size, Gore has always had a very short organizational pyramid. As of 1995 the pyramid consists of Bob Gore, the late Bill Gore's son, as president and Vieve, Bill Gore's widow, as secretary-treasurer. He has been the chief executive officer for more than twenty years. No second-in-command or successor has been designated. All the other members of the Gore organization were, and continue to be, referred to as Associates.

Some outsiders have had problems with the idea of no titles. Sarah Clifton, an Associate at the Flagstaff facility, was being pressed by some outsiders as to what her title was. She made one up and had it printed on some business cards: SUPREME COMMANDER (see Exhibit 4). When Bill Gore learned what she did, he loved it and recounted the story to others.

Leaders, Not Managers

Within W. L. Gore & Associates, the various people who take lead roles are thought of as being leaders, not managers. Bill Gore described in an internal memo the kinds of leadership and the role of leadership as follows:

1. The Associate who is recognized by a team as having a special knowledge, or experience (for example, this could be a chemist, computer expert, machine operator, salesman, engineer, lawyer). This kind of leader gives the team *guidance in a special area*.
2. The Associate the team looks to for coordination of individual activities in order to achieve the agreed-upon objectives of the team. The role of this leader is to persuade team members to *make the commitments* necessary for success (commitment seeker).
3. The Associate who proposes necessary objectives and activities and seeks agreement and team *consensus on objectives*. This leader is perceived by the team members as having a good grasp of how the objectives of the team fit in with the broad objective of the enterprise. This kind of leader is often also the "commitment-seeking" leader.
4. The leader who evaluates relative contribution of team members (in consultation with other sponsors), and reports these contribution evaluations to a compensation committee. This leader may also participate in the compensation committee on relative contribution and pay and *reports changes in compensation* to individual Associates. This leader is then also a compensation sponsor.
5. *Product specialists* who coordinate the research, manufacturing, and marketing of one product type within a business, interacting with team leaders and individual Associates who have commitments regarding the product type. They are respected for their knowledge and dedication to their products.
6. *Plant leaders* who help coordinate activities of people within a plant.
7. *Business leaders* who help coordinate activities of people in a business.
8. *Functional leaders* who help coordinate activities of people in a "functional" area.
9. *Corporate leaders* who help coordinate activities of people in different businesses and functions and who try to promote communication and cooperation among all Associates.
10. *Entrepreneuring Associates* who organize new teams for new businesses, new products, new processes, new devices, new marketing efforts, new or better methods of all kinds. These leaders invite other Associates to "sign up" for their project.

It is clear that leadership is widespread in our lattice organization and that it is continually changing and evolving. The situation that leaders are frequently also *sponsors should not imply that these are different activities and responsibilities.*

Leaders are not authoritarians, managers of people, or supervisors who tell us what to do or forbid us to do things; nor are they "parents" to whom we transfer our own self-responsibility. However, they do often advise us of the consequences of actions we have done or propose to do. Our actions result in contributions, or lack of contribution, to the success of our enterprise. Our pay depends on the magnitude of our contributions. This is the basic discipline of our lattice organization.

EXHIBIT 4

The Supreme Commander

GORE W. L. GORE & ASSOCIATES, Inc.

SARAH CLIFTON

SUPREME COMMANDER

1505 NORTH FOURTH STREET
FLAGSTAFF, ARIZONA 86001
PHONE: 602-774-0611
TWX 910-972-0969

Egalitarian and Innovative

Other aspects of the Gore culture have been aimed at promoting an egalitarian atmosphere, such as parking lots with no reserved parking spaces except for customers and

disabled workers or visitors and dining areas—only one in each plant—set up as focal points for Associate interaction. As Dave McCarter of Phoenix explained: "The design is no accident. The lunchroom in Flagstaff has a fireplace in the middle. We want people to like to be here." The location of a plant is also no accident. Sites have been selected on the basis of transportation access, a nearby university, beautiful surroundings, and climate appeal. Land cost has never been a primary consideration. McCarter justified the selection by stating: "Expanding is not costly in the long run. The loss of money is what you make happen by stymieing people into a box."

Bob Gore is a champion of Gore culture. As Sally Gore related, "We have managed surprisingly to maintain our sense of freedom and our entrepreneurial spirit. I think what we've found is that we had to develop new ways to communicate with Associates because you can't communicate with six thousand people the way that you can communicate with five hundred people. It just can't be done. So we have developed a newsletter that we didn't have before. One of the most important communication mediums that we developed, and this was Bob Gore's idea, is a digital voice exchange which we call our Gorecom. Basically everyone has a mailbox and a password. Lots of companies have gone to e-mail and we use e-mail, but Bob feels very strongly that we're very much an oral culture and there's a big difference between cultures that are predominantly oral and predominantly written. Oral cultures encourage direct communication, which is, of course, something that we encourage."

In rare cases an Associate "is trying to be unfair," in Bill's own words. In one case the problem was chronic absenteeism and in another, an individual was caught stealing. "When that happens, all hell breaks loose," said Bill Gore. "We can get damned authoritarian when we have to."

Over the years, Gore & Associates has faced a number of unionization drives. The company has neither tried to dissuade Associates from attending an organizational meeting nor retaliated when flyers were passed out. As of 1995, none of the plants had been organized. Bill believed that no need existed for third-party representation under the lattice structure. He asked the question, "Why would Associates join a union when they own the company? It seems rather absurd."

3.0

Commitment has long been considered a two-way street. W. L. Gore & Associates has tried to avoid layoffs. Instead of cutting pay, which in the Gore culture would be disastrous to morale, the company has used a system of temporary transfers within a plant or cluster of plants and voluntary layoffs. Exhibit 7 at the end of this case example contains excerpts of interviews with two Gore Associates that further indicate the nature of the culture and work environment at W. L. Gore & Associates.

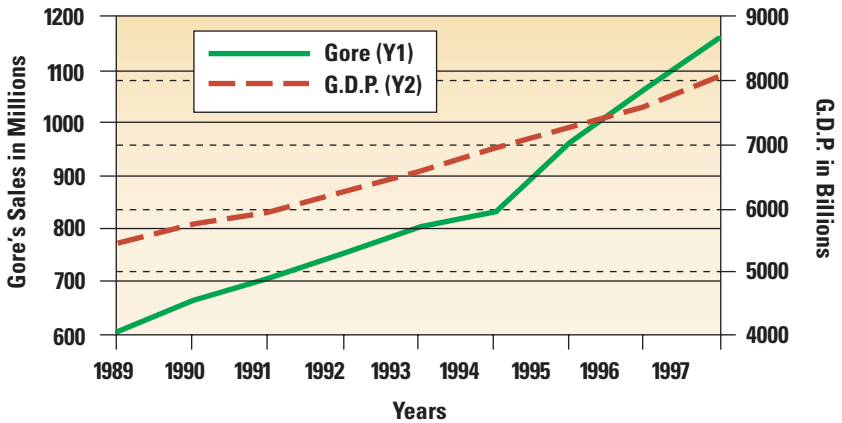
W. L. Gore & Associates' Sponsor Program

Bill Gore knew that products alone did not a company make. He wanted to avoid smothering the company in thick layers of formal "management." He felt that hierarchy stifled individual creativity. As the company grew, he knew that he had to find a way to assist new people and to follow their progress. This was particularly important when it came to compensation. W. L. Gore & Associates developed its "sponsor" program to meet these needs.

When people apply to Gore, they are initially screened by personnel specialists. As many as ten references might be

EXHIBIT 5

Growth of Gore's Sales vs. Gross Domestic Product



Gore	60	660	700	750	804	828	958	1064	1160
G.D.P.	5438.7	5743.8	5916.7	6244.4	6553	6935.7	7265.4	7636	8079.9

3.0

contacted on each applicant. Those who meet the basic criteria are interviewed by current Associates. The interviews have been described as rigorous by those who have gone through them. Before anyone is hired, an Associate must agree to be his or her sponsor. The sponsor is to take a personal interest in the new Associate's contributions, problems, and goals, acting as both a coach and an advocate. The sponsor tracks the new Associate's progress, helping and encouraging, dealing with weaknesses, and concentrating on strengths. Sponsoring is not a short-term commitment. All Associates have sponsors and many have more than one. When individuals are hired initially, they are likely to have a sponsor in their immediate work area. If they move to another area, they may have a sponsor in that work area. As Associates' commitments change or grow, they may acquire additional sponsors. Because the hiring process looks beyond conventional views of what makes a good Associate, some anomalies have occurred. Bill Gore proudly told the story of "a very young man" of 84 who walked in, applied, and spent five very good years with the company. The individual had thirty years of experience in the industry before joining Gore. His other Associates had no problems accepting him, but the personnel computer did. It insisted that his age was 48. The individual success stories at Gore have come from diverse backgrounds.

An internal memo by Bill Gore described three roles of sponsors:

1. *Starting sponsor*—a sponsor who helps a new Associate get started on a first job, or a present Associate get started on a new job.
2. *Advocate sponsor*—a sponsor who sees that an Associate's accomplishments are recognized.
3. *Compensation sponsor*—a sponsor who sees to it that an Associate is fairly paid for contributions to the success of the enterprise.

A single person can perform any one or all three kinds of sponsorship. Quite frequently, a sponsoring Associate is a good friend and it is not unknown for two Associates to sponsor each other.

Compensation Practices

Compensation at W. L. Gore & Associates has taken three forms: salary, profit sharing, and an Associates' Stock Ownership Program (ASOP).[6] Entry-level salary has been in the middle for comparable jobs. According to Sally Gore: "We do not feel we need to be the highest paid. We never try to steal people away from other companies with salary. We want them to come here because of the opportunities for growth and the unique work environment." Associates' salaries have been reviewed at least once a year and more commonly twice a year. The reviews are conducted by a compensation team at each facility, with sponsors for the Associates acting as their advocates during the review process. Prior to meeting with the compensation committee, the sponsor checks with customers or Associates familiar with the person's work to find out what contribution the Associate has made. The compensation team relies heavily on this input. In addition, the compensation team considers the Associate's leadership ability and willingness to help others develop to their fullest.

Profit sharing follows a formula based on economic value added (EVA). Sally Gore had the following to say about the adoption of a formula: "It's become more formalized, and in a way, I think that's unfortunate because it used to be a complete surprise to receive a profit share. The thinking of the people like Bob Gore and other leaders was that maybe we weren't using it in the right way and we could encourage people by helping them know more about it and how we made profit-share decisions. The fun of it before was people didn't know when it was coming and all of a sudden you could do something creative about passing out checks. It was great fun and people would have a wonderful time with it. The disadvantage was that Associates then did not focus much on, 'What am I doing to create another profit share?' By using EVA as a method of evaluation for our profit share, we know at the end of every month how much EVA was created that month. When we've created a certain amount of EVA, we then get another profit share. So everybody knows and everyone says, 'We'll do it in January,' so it is done. Now Associates feel more part of the happening to make it work. What have you done? Go make some more sales calls, please! There are lots of things we can do to improve our EVA and everybody has a responsibility to do that." Every month EVA is calculated and every Associate is informed. John Mosko of electronic products commented, "...(EVA) lets us know where we are on the path to getting one (a profit share). It's very critical—every Associate knows."

Annually, Gore also buys company stock equivalent to a fixed percent of the Associates' annual incomes, placing it in the ASOP retirement fund. Thus, an Associate can become a stockholder after being at Gore for a year. Gore's ASOP ensures Associates participate in the growth of the company by acquiring ownership in it. Bill Gore wanted Associates to feel that they themselves are owners. One Associate stated, "This is much more important than profit sharing." In fact, some long-term Associates (including a twenty-five-year veteran machinist) have become millionaires from the ASOP.

W. L. Gore & Associates' Guiding Principles and Core Values

In addition to the sponsor program, Bill Gore articulated four guiding principles:

1. Try to be fair.
2. Encourage, help, and allow other Associates to grow in knowledge, skill, and scope of activity and responsibility.
3. Make your own commitments, and keep them.
4. Consult with other Associates before taking actions that may be "below the water line."

The four principles have been referred to as Fairness, Freedom, Commitment, and Waterline. The *waterline* terminology is drawn from an analogy to ships. If someone pokes a hole in a boat above the water line, the boat will be in relatively little real danger. If someone, however, pokes a hole below the water line, the boat is in immediate danger of sinking. "Water line" issues must be discussed across teams and plants before decisions are made.

The operating principles were put to a test in 1978. By this time word about the qualities of GORE-TEX fabric was being spread throughout the recreational and outdoor markets. Production and shipment had begun in volume. At first a few complaints were heard. Next some of the clothing started coming back. Finally, much of the clothing was being returned. The trouble was that the GORE-TEX fabric was leaking. Waterproofing was one of the major properties responsible for GORE-TEX fabric's success. The company's reputation and credibility were on the line.

Peter W. Gilson, who led Gore's fabrics division, recalled: "It was an incredible crisis for us at that point. We were really starting to attract attention; we were taking off—and then this." In the next few months, Gilson and a number of his Associates made a number of those below-the-water-line decisions.

First, the researchers determined that oils in human sweat were responsible for clogging the pores in the GORE-TEX fabric and altering the surface tension of the membrane. Thus, water could pass through. They also discovered that a good washing could restore the waterproof property. At first this solution, known as the "Ivory Snow solution," was accepted. A single letter from "Butch," a mountain guide in the Sierras, changed the company's position. Butch described what happened while he was leading a group: "My parka leaked and my life was in danger." As Gilson noted, "That scared the hell out of us. Clearly our solution was no solution at all to someone on a mountaintop." All the products were recalled. Gilson remembered: "We bought back, at our own expense, a fortune in pipeline material—anything that was in the stores, at the manufacturers, or anywhere else in the pipeline."

In the meantime, Bob Gore and other Associates set out to develop a permanent fix. One month later, a second-generation GORE-TEX fabric had been developed. Gilson, furthermore, told dealers that if a customer ever returned a leaky parka, they should replace it and bill the company. The replacement program alone cost Gore roughly $4 million.

The popularity of GORE-TEX outerwear took off. Many manufacturers now make numerous pieces of apparel such as parkas, gloves, boots, jogging outfits, and wind shirts from GORE-TEX laminate. Sometimes when customers are dissatisfied with a garment, they return them directly to Gore. Gore has always stood behind any product made of GORE-TEX fabric. Analysis of the returned garments found that the problem was often not the GORE-TEX fabric. The manufacturer, "...had created a design flaw so that the water could get in here or get in over the zipper and we found that when there was something negative about it, everyone knew it was GORE-TEX. So we had to make good on products that we were not manufacturing. We now license the manufacturers of all our GORE-TEX fabric products. They pay a fee to obtain a license to manufacture GORE-TEX products. In return we oversee the manufacture and we let them manufacture only designs that we are sure are guaranteed to keep you dry, that really will work. Then it works for them and for us—a win-win for them as well as for us," according to Sally Gore.

3.0

To further ensure quality, Gore & Associates has its own test facility including a rain room for garments made from GORE-TEX. Besides a rain/storm test, all garments must pass abrasion and washing machine tests. Only the garments that pass these tests will be licensed to display the GORE-TEX label.

Research and Development

Like everything else at Gore, research and development has always been unstructured. Even without a formal R&D department, the company has been issued many patents, although most inventions have been held as proprietary or trade secrets. For example, few Associates are allowed to see GORE-TEX being made. Any Associate can, however, ask for a piece of raw PTFE (known as a silly worm) with which to experiment. Bill Gore believed that all people had it within themselves to be creative.

One of the best examples of Gore inventiveness occurred in 1969. At the time, the wire and cable division was facing increased competition. Bill Gore began to look for a way to straighten out the PTFE molecules. As he said, "I figured out that if we ever unfold those molecules, get them to stretch out straight, we'd have a tremendous new kind of material." He thought that if PTFE could be stretched, air could be introduced into its molecular structure. The result would be greater volume per pound of raw material with no effect on performance. Thus, fabricating costs would be reduced and profit margins would be increased. Going about this search in a scientific manner, Bob Gore heated rods of PTFE to various temperatures and then slowly stretched them. Regardless of the temperature or how carefully he stretched them, the rods broke.

Working alone late one night after countless failures, Bob in frustration stretched one of the rods violently. To his surprise, it did not break. He tried it again and again with the same results. The next morning Bob demonstrated his breakthrough to his father, but not without some drama. As Bill Gore recalled: "Bob wanted to surprise me so he took a rod and stretched it slowly. Naturally, it broke. Then he pretended to get mad. He grabbed another rod and said, 'Oh, the hell with this,' and gave it a pull. It didn't break—he'd done it." The new arrangement of molecules not only changed the wire and cable division, but led to the development of GORE-TEX fabric.

3.0

Bill and Vieve did the initial field-testing of GORE-TEX fabric the summer of 1970. Vieve made a hand-sewn tent out of patches of GORE-TEX fabric. They took it on their annual camping trip to the Wind River Mountains in Wyoming. The very first night in the wilderness, they encountered a hail storm. The hail tore holes in the top of the tent, and the bottom filled up like a bathtub from the rain. Undaunted, Bill Gore stated: "At least we knew from all the water that the tent was waterproof. We just needed to make it stronger, so it could withstand hail."

Gore Associates have always been encouraged to think, experiment, and follow a potentially profitable idea to its conclusion. At a plant in Newark, Delaware, Fred L. Eldreth, an Associate with a third-grade education, designed a machine that could wrap thousands of feet of wire a day. The design was completed over a weekend. Many other Associates have contributed their ideas through both product and process breakthroughs.

Even without an R&D department, innovation and creativity continue at a rapid pace at Gore & Associates. The year before he died, Bill Gore claimed that "the creativity, the number of patent applications and innovative products is triple" that of DuPont.

Development of Gore Associates

Ron Hill, an Associate in Newark, noted that Gore "will work with Associates who want to advance themselves." Associates have been offered many in-house training opportunities, not only in technical and engineering areas but also in leadership development. In addition, the company has established cooperative education programs with universities and other outside providers, picking up most of the costs for the Gore Associates. The emphasis in Associate development, as in many parts of Gore, has always been that the Associate must take the initiative.

Marketing Approaches and Strategy

Gore's business philosophy incorporates three beliefs and principles: (1) that the company can and should offer the best-valued products in the markets and market segments where it chooses to compete, (2) that buyers in each of its markets should appreciate the caliber and performance of the items it manufactures, and (3) that Gore should become a leader with unique expertise in each of the product categories where it competes. To achieve these outcomes, the company's approach to marketing (it has no formally organized marketing department) is based on the following principles:

1. *Marketing a product requires a leader, or product champion*. According to Dave McCarter: "You marry your technology with the interests of your champions, since you've got to have champions for all these things no matter what. And that's the key element within our company. Without a product champion you can't do much anyway, so it is individually driven. If you get people interested in a particular market or a particular product for the marketplace, then there is no stopping them." Bob Winterling of the Fabrics Division elaborated further on the role and importance of the product champion.

   The product champion is probably the most important resource we have at Gore for the introduction of new products. You look at that bicycle cable. That could have come out of many different divisions of Gore, but it really happened because one or two individuals said, "Look, this can work. I believe in it; I'm passionate about it; and I want it to happen." And the same thing with GLIDE floss. I think John Spencer in this case—although there was a team that supported John, let's never forget that—John sought the experts out throughout the organization. But without John making it happen on his own, GLIDE floss would never have come to fruition. He started with a little chain of drugstores here, Happy Harry's I think, and we put a few cases in and we just tracked the sales and that's how it all started. Who would have ever believed that you could take what we would have considered a commodity product like that, sell it direct for $3–$5 apiece. That is so unGorelike it's incredible. So it comes down to people and it comes down to the product champion to make things happen.

2. *A product champion is responsible for marketing the product through commitments with sales representatives*. Again, according to Dave McCarter: "We have no quota system. Our marketing and our sales people make their own commitments as to what their forecasts have been. There is no person sitting around telling them that is not high enough, you have to increase it by 10 percent, or whatever somebody feels is necessary. You are expected to meet your commitment, which is your forecast, but nobody is going to tell you to change it. . . . There is no order of command, no chain involved. These are groups of independent people who come together to make unified commitments to do something and sometimes when they can't make those agreements...you may pass up a marketplace...but that's OK, because there's much more advantage when the team decides to do something."
3. *Sales Associates are on salary, not commission*. They participate in the profit sharing and ASOP plans in which all other Associates participate. As in other areas of Gore, individual success stories have come from diverse backgrounds. Dave McCarter related another

success of the company relying on a product champion as follows:

> *I interviewed Sam one day. I didn't even know why I was interviewing him actually. Sam was retired from AT&T. After twenty-five years, he took the golden parachute and went down to Sun Lakes to play golf. He played golf a few months and got tired of that. He was selling life insurance. I sat reading the application; his technical background interested me. . . . He had managed an engineering department with six hundred people. He'd managed manufacturing plants for AT&T and had a great wealth of experience at AT&T. He said, "I'm retired. I like to play golf but I just can't do it every day, so I want to do something else. Do you have something around here I can do?" I was thinking to myself, "This is one of these guys I would sure like to hire but I don't know what I would do with him." The thing that triggered me was the fact that he said he sold insurance and here is a guy with a high degree of technical background selling insurance. He had marketing experience, international marketing experience. So, the bell went off in my head that we were trying to introduce a new product into the marketplace that was a hydrocarbon leak protection cable. You can bury it in the ground and in a matter of seconds it could detect a hydrocarbon-like gasoline. I had a couple of other guys working on the product who hadn't been very successful with marketing it. We were having a hard time finding a customer. Well, I thought, that kind of product would be like selling insurance. If you think about it, why should you protect your tanks? It's an insurance policy that things are not leaking into the environment. That has implications, big-time monetary. So, actually, I said, "Why don't you come back Monday? I have just the thing for you." He did. We hired him; he went to work, a very energetic guy. Certainly a champion of the product, he picked right up on it, ran with it single-handed.*

Now it's a growing business. It certainly is a valuable one too for the environment. In the implementation of its marketing strategy, Gore has relied on cooperative and word-of-mouth advertising. Cooperative advertising has been especially used to promote GORE-TEX fabric products. These high-dollar, glossy campaigns include full-color ads and dressing the sales force in GORE-TEX garments. A recent slogan used in the ad campaigns has been, "If it doesn't say GORE-TEX, it's not." Some retailers praise the marketing and advertising efforts as the best. Leigh Gallagher, managing editor of *Sporting Goods Business* magazine, describes Gore & Associates' marketing as "unbeatable."

Gore has stressed cooperative advertising because the Associates believe positive experiences with any one product will carry over to purchases of other and more GORE-TEX fabric products. Apparently, this strategy has paid off. When the Grandoe Corporation introduced GORE-TEX gloves, its president, Richard Zuckerwar, noted: "Sports activists have had the benefit of GORE-TEX gloves to protect their hands from the elements.... With this handsome collection of gloves ...you can have warm, dry hands without sacrificing style." Other clothing manufacturers and distributors who sell GORE-TEX garments include Apparel Technologies, Lands' End, Austin Reed, Hudson Trail Outfitters, Timberland, Woolrich, North Face, L.L. Bean, and Michelle Jaffe.

3.0

The power of these marketing techniques extends beyond consumer products. According to Dave McCarter: "In the technical end of the business, company reputation probably is most important. You have to have a good reputation with your company." He went on to say that without a good reputation, a company's products would not be considered seriously by many industrial customers. In other words, the sale is often made before the representative calls. Using its marketing strategies, Gore has been very successful in securing a market leadership position in a number of areas, ranging from waterproof outdoor clothing to vascular grafts. Its market share of waterproof, breathable fabrics is estimated to be 90 percent.

Adapting to Changing Environmental Forces

Each of Gore's divisions has faced from time to time adverse environmental forces. For example, the fabric division was hit hard when the fad for jogging suits collapsed in the mid-1980s. The fabric division took another hit from the recession of 1989. People simply reduced their purchases of high-end athletic apparel. By 1995, the fabric division was the fastest-growing division of Gore again.

The electronic division was hit hard when the mainframe computer business declined in the early 1990s. By 1995, that division was seeing a resurgence for its products partially because that division had developed some electronic products for the medical industry. As can be seen, not all the forces have been negative.

The aging population of America has increased the need for health care. As a result, Gore has invested in the development of additional medical products and the medical division is growing.

W. L. Gore & Associates' Financial Performance

As a closely held private corporation, W. L. Gore has kept its financial information as closely guarded as proprietary information on products and processes. It has been estimated that Associates who work at Gore own 90 percent of the stock. According to Shanti Mehta, an Associate,

Gore's returns on assets and sales have consistently ranked it among the top 10 percent of the *Fortune* 500 companies. According to another source, W. L. Gore & Associates has been doing just fine by any financial measure. For thirty-seven straight years (from 1961 to 1997) the company has enjoyed profitability and positive return on equity. The compounded growth rate for revenues at W. L. Gore & Associates from 1969 to 1989 was more than 18 percent, discounted for inflation.[7] In 1969, total sales were about $6 million; by 1989, the figure was $600 million. As should be expected with the increase in size, the percentage increase in sales has slowed over the last seven years (Exhibit 6). The company projects sales to reach $1.4 billion in 1998. Gore financed this growth without long-term debt unless it made sense. For example, "We used to have some industrial revenue bonds where, in essence, to build facilities the government allows banks to lend you money tax-free. Up to a couple of years ago we were borrowing money through industrial revenue bonds. Other than that, we are totally debt-free. Our money is generated out of the operations of the business, and frankly we're looking for new things to invest in. I know that's a challenge for all of us today," said Bob Winterling. *Forbes* magazine estimates Gore's operating profits for 1993, 1994, 1995, 1996, and 1997 to be $120, $140, $192, $213, and $230 million, respectively (see Exhibit 6). Bob Gore predicts that the company will reach $2 billion in sales by 2001.

3.0

Recently, the company purchased Optical Concepts Inc., a laser, semiconductor technology company, of Lompoc, California. In addition, Gore & Associates is investing in test-marketing a new product, guitar strings, which was developed by its Associates.

When asked about cost control, Sally Gore had the following to say:

You have to pay attention to cost or you're not an effective steward of anyone's money, your own or anyone else's. It's kind of interesting, we started manufacturing medical products in 1974 with the vascular graft and it built from there. The Gore vascular graft is the Cadillac or BMW or the Rolls Royce of the business. There is absolutely no contest, and our medical products division became very successful. People thought this was Mecca. Nothing had ever been manufactured that was so wonderful. Our business expanded enormously, rapidly out there (Flagstaff, Arizona) and we had a lot of young, young leadership. They spent some time thinking they could do no wrong and that everything they touched was going to turn to gold.

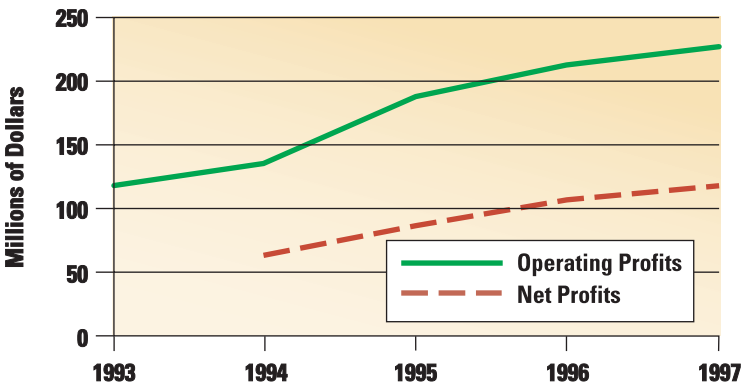
They have had some hard knocks along the way and discovered it wasn't as easy as they initially thought it was. And that's probably good learning for everyone somewhere along the way. That's not how business works. There's a lot of truth in that old saying that you learn more from your failures than you do your successes. One failure goes a long way toward making you say, Oh, wow!

Acknowledgments

Many sources were helpful in providing background material for this case. The most important sources of all were the W. L. Gore Associates, who generously shared their time and viewpoints about the company. They provided

EXHIBIT 6

Operating and Net Profits of W. L. Gore & Associates



Operating Profits	**120**	**140**	**192**	**213**	**230**
Net Profits	**NA**	**60**	**96**	**106**	**116**

Data from *Forbes* Magazine's Annual Report on the 500 Largest Private Companies in the U.S.

many resources, including internal documents, and added much to this case through sharing their personal experiences as well as ensuring that the case accurately reflected the Gore company and culture.

Excerpts from Interviews with Associates

The first excerpt is from an Associate that was formerly with IBM and has been with Gore for two years:

Q. What is the difference between being with IBM and Gore?

A. I spent twenty-four years working for IBM, and there's a big difference. I can go ten times faster here at Gore because of the simplicity of the lattice organization. Let me give you an example. If I wanted to purchase chemicals at IBM (I am an industrial chemist), the first thing I would need to do is get accounting approval, then I would need at least two levels of managers' approval, then a secretary to log in my purchase and the purchase order would go to Purchasing where it would be assigned a buyer. Some time could be saved if you were willing to "walk" the paperwork through the approval process, but even after computerizing the process, it typically would take one month from the time you initiated the purchase requisition till the time the material actually arrived. Here they have one simple form. Usually, I get the chemicals the next day and a copy of the purchase order will arrive a day or two after that. It happens so fast. I wasn't used to that.

Q. Do you find that a lot more pleasant?

A. Yeah, you're unshackled here. There's a lot less bureaucracy that allows you to be a lot more productive. Take Lab Safety, for example. In my lab at IBM, we were cited for not having eyewash taped properly. The first time, we were cited for not having a big enough area taped off. So we taped off a bigger area. The next week the same eyewash was cited again, because the area we taped off was three inches too short in one direction. We retaped it and the following week, it got cited again for having the wrong color tape. Keep in mind that the violation was viewed as serious as a pail of gasoline next to a lit Bunsen burner. Another time I had the dubious honor of being selected the functional safety representative in charge of getting the function's labs ready for a Corporate Safety Audit. (The function was a third level in the pyramidal organization—[1] department, [2] project, and [3] function.) At the same time I was working on developing a new surface mount package. As it turned out, I had no time to work on development, and the function spent a lot of time and money getting ready for the Corporate Auditors who in the end never showed. I'm not belittling the importance of safety, but you really don't need all that bureaucracy to be safe.

The second interview is with an Associate who is a recent engineering graduate:

Q. How did you find the transition coming here?

A. Although I never would have expected it to be, I found my transition coming to Gore to be rather challenging. What attracted me to the company was the opportunity to "be my own boss" and determine my own commitments. I am very goal-oriented, and enjoy taking a project and running with it—all things that you are able to do and encouraged to do within the Gore culture. Thus, I thought, a perfect fit!

However, as a new Associate, I really struggled with where to focus my efforts—I was ready to make my own commitments, but to what?! I felt a strong need to be sure that I was working on something that had value, something that truly needed to be done. While I didn't expect to have the "hottest" project, I did want to make sure that I was helping the company to "make money" in some way.

At the time, though, I was working for a plant that was pretty typical of what Gore was like when it was originally founded—after my first project (which was designed to be a "quick win"—a project with meaning, but one that had a definite end point), I was told, "Go find something to work on." While I could have found something, I wanted to find something with at least a small degree of priority! Thus, the whole process of finding a project was very frustrating for me—I didn't feel that I had the perspective to make such a choice and ended up in many conversations with my sponsor about what would be valuable....

In the end, of course, I did find that project—and it did actually turn out to be a good investment for Gore. The process to get there, though, was definitely trying for someone as inexperienced as I was—so much ground would have been gained by suggesting a few projects to me and then letting me choose from that smaller pool.

What's really neat about the whole thing, though, is that my experience has truly made a difference. Due in part to my frustrations, my plant now provides college grads with more guidance on their first several projects. (This guidance obviously becomes less and less critical as each Associate grows within Gore.) Associates still are choosing their own commitments, but they're doing so with additional perspective, and the knowledge that they are making a contribution to Gore—which is an important thing within our culture. As I said, though, it was definitely rewarding to see that the company was so responsive, and to feel that I had helped to shape someone else's transition!

Notes

1. GORE-TEX is a registered trademark of W. L. Gore & Associates.
2. In this case the word *Associates* is used and capitalized because in W. L. Gore & Associates' literature the word is always used instead of *employees* and is capitalized. In fact, case writers were told that Gore "never had 'employees'—always 'Associates.'"
3. GORE RideOn is a registered trademark of W. L. Gore & Associates.
4. Glide is a registered trademark of W. L. Gore & Associates.
5. WindStopper is a registered trademark of W. L. Gore & Associates.
6. Similar legally to an ESOP (Employee Stock Ownership Plan). Again, Gore simply has never allowed the word *employee* in any of its documentation.
7. In comparison, only 11 of the 200 largest companies in the *Fortune* 500 had positive ROE each year from 1970 to 1988 and only 2 other companies missed a year. The revenue growth rate for these 13 companies was 5.4 percent, compared with 2.5 percent for the entire *Fortune* 500.

References

Aburdene, Patricia, and John Nasbitt. *Re-inventing the Corporation* (New York: Warner Books, 1985).

Angrist, S. W. "Classless Capitalists," *Forbes* (May 9, 1983), 123–124.

Franlesca, L. "Dry and Cool," *Forbes* (August 27, 1984), 126.

Hoerr, J. "A Company Where Everybody Is the Boss," *Business Week* (April 15, 1985), 98.

Levering, Robert. *The 100 Best Companies to Work for in America*. See the chapter on W. L. Gore & Associates, Inc. (New York: Signet, 1985).

McKendrick, Joseph. "The Employees as Entrepreneur," *Management World* (January 1985), 12–13.

Milne, M. J. "The Gorey Details," *Management Review* (March 1985), 16–17.

Posner, B. G. "The First Day on the Job," *Inc.* (June 1986), 73–75.

Price, Debbie M. "GORE-TEX style," *Baltimore Sun* (April 20, 1997), 1D & 4D.

Price, Kathy. "Firm Thrives Without Boss," *AZ Republic* (February 2, 1986).

Rhodes, Lucien. "The Un-manager," *Inc.* (August 1982), 34.

Simmons, J. "People Managing Themselves: Un-management at W. L. Gore Inc.," *The Journal for Quality and Participation* (December 1987), 14–19.

"The Future Workplace," *Management Review* (July 1986), 22–23.

Trachtenberg, J. A. "Give Them Stormy Weather," *Forbes* (March 24, 1986), 172–174.

Ward, Alex. "An All-Weather Idea," *The New York Times Magazine* (November 10, 1985), Sec. 6.

Weber, Joseph. "No Bosses. And Even 'Leaders' Can't Give Orders," *BusinessWeek* (December 10, 1990), 196–197.

"Wilbert L. Gore," *IndustryWeek* (October 17, 1983), 48–49.

Integrative Case 4.0

XEL Communications, Inc. (C): Forming a Strategic Partnership*

4.0

In the fall of 1995, Bill Sanko, president of XEL Communications, Inc., strolled around in the new 115,000-square-foot facility with its spacious conference rooms and computer-based skills training center, into which the company had just moved. Their former facility had been a 53,000-square-foot building that just could not accommodate XEL's growth. During the upcoming round of strategic planning sessions, Bill wondered how XEL and its management team would decide to grapple with the two-edged sword of rapid growth. Would it be possible for XEL to maintain its entrepreneurial culture while it experienced rapid growth? Would it find the resources necessary to sustain growth without harming its culture? From where?

XEL Communications, Inc.

XEL Communications, Inc.[1]—located in the outskirts of Denver, Colorado—designed and manufactured various telecommunications products for a number of companies—primarily large U.S. telephone operating companies. Originally a division within GTE headed by Bill Sanko, it was in the process of being closed when Bill and a few key managers persuaded GTE to sell the division to them. In July 1984, Sanko and fellow managers signed a letter of intent to buy the division from GTE. Two months later, the bill of sale was signed, and XEL Communications, Inc., became an independent company. Ironically, GTE remained as one of XEL's major customer accounts.

In terms of overall financial performance, XEL was profitable. Its revenues increased from $16.8 million in 1992 to $23.6 million in 1993 and $52.3 million in 1994—over a threefold increase in three years. In 1996, XEL employed approximately 300 people.

XEL designed and manufactured more than 300 individual products that enabled network operators to upgrade existing infrastructures and cost-effectively enhance the speed and functionality of their networks while reducing operating expenses and overhead costs. The firm's products provided access to telecommunications services and automated monitoring and maintenance of network performance, and extended the distance over which network operators were able to offer their services.[2] For example, XEL produced equipment that "conditioned" existing lines to make them acceptable for business use and sold products that facilitated the transmission of data and information over phone lines. Driving the need for XEL's products was the keen interest in electronic data transference: "Businesses are more and more dependent on the transfer of information," Bill Sanko noted. In addition, more businesses, including XEL, were operating by taking and filling orders through electronic data exchanges. Instead of dialing in to inside salespeople, businesses often accessed databases directly.

One of XEL's strengths was its ability to adapt one manufacturer's equipment to another's. XEL provided the bits and pieces of telecommunications equipment to the "network," allowing the smooth integration of disparate transmission pieces. XEL also sold central office transmission equipment and a full range of mechanical housings, specialty devices, power supplies, and shelves.

In 1995, XEL began developing a hybrid fiber/cable broadband modem for use by cable television firms seeking to provide enhanced data communication services over their network facilities. Cable modems were one of the hottest new products in telecommunications. The devices would enable computers to send and receive information about one hundred times faster than standard modems used with phone lines. Given that 34 million homes had personal computers, cable modems were seen as a surefire way to exploit the personal computer (PC) boom and the continuing convergence of computers and television. Media analysts estimated that cable modem users would rise to 11.8 million by the end of 2005 from a handful in 1996.[3]

"Business customers and their changing telecommunications needs drive the demand for XEL's products. That, in turn, presents a challenge to the company," said Sanko. Sanko cited the constant stream of new products developed by XEL—approximately two per month—as the driving force behind the growth. Throughout the industry, product life-cycle times were getting even shorter. Before the breakup of the Bell System in 1984, transmission switches and other telecommunications devices enjoyed a thirty- to forty-year life. In 1995, with technology moving so fast, XEL's products had about a three-year to five-year life.

XEL sold products to all of the Regional Bell Operating Companies (RBOCs), as well as such companies as GTE and Centel. Railroads, with their own telephone networks, were also customers. In addition to its domestic

*This case was prepared by Professors Robert P. McGowan and Cynthia V. Fukami, Daniels College of Business, as a basis for classroom discussion rather than to illustrate either effective or ineffective handling of an administrative situation. Copyright © 1995 by the authors: © 1997 by the Case Center, Daniels College of Business, University of Denver. Published by South-Western College Publishing.

For information regarding this and other CaseNet* cases, please visit CaseNet* on the World Wide Web at *http://casenet.thomson.com*.

4.0

business, products were sold in Canada, Mexico, and Central and South America.[4] XEL's field salespeople worked with engineers to satisfy client requests for specific services. Over a period of time, the salespeople developed a rapport with these engineers, providing XEL with new product leads.

With all the consolidations and ventures in telecommunications, those who watched the industry often concluded that the overall market would become more difficult. Sanko believed, however, that "out of change comes opportunity. The worst-case scenario would be a static situation. Thus, a small company, fast to respond to customer needs and able to capitalize on small market niches, will be successful. Often, a large company like AT&T will forsake a smaller market and XEL will move in. Also, XEL's size allows it to design a project in a very short time."

Sanko watched federal legislation keenly. The Telecommunications Act of 1996, which removed numerous barriers to competition, had clearly changed the rules of the game. Consequently, said Sanko, "we need to expand our market and be prepared to sell to others as the regulatory environment changes." The joint venture between Time Warner and US West also signaled that telephone and cable companies would be pooling their resources to provide a broader array of information services. As for the future, Sanko saw "a lot of opportunities we can't even now imagine."

The XEL Vision

A feature that set XEL apart from other companies was its strong, healthy corporate culture. Developing a culture of innovation and team decision making was instrumental in providing the results XEL prided itself on.[5] An early attempt to define culture in a top-down fashion was less successful than the management team had hoped,[6] so the team had embarked on a second journey to determine what their core values were and what they would like the company to look like in five years. The team had then gone off-site for several days and finalized the XEL Vision statement (Exhibit 1). By the summer of 1987, the statement had been signed by members of the senior team and been hung up by the bulletin board. Employees were not required to sign the statement, but were free to do so when each was ready.

Julie Rich, vice president of human resources, described the management team's approach to getting the rest of the organization to understand as well as become comfortable with the XEL Vision: "Frequently, organizations tend to take a combination top-down/bottom-up approach in instituting cultural change. That is, the top level will develop a statement about values and overall vision. They will then communicate it down to the bottom level and hope that results will percolate upward through the middle levels. Yet it is often the middle level of management which is most skeptical, and they will block it or resist change. We decided to take a 'cascade' approach in which the process begins at the top and gradually cascades from one level to the next so that the critical players are slowly acclimated to the process. We also did a number of other things—including sending a copy of the vision statement to the homes of the employees and dedicating a section of the company newspaper to communicate what key sections of the vision mean from the viewpoint of managers and employees."

The vision statement became a living symbol of the XEL culture and the degree to which XEL embraced and empowered its employees. When teams or managers made decisions, they routinely brought out the XEL Vision document so workers might consult various parts of the statement to help guide and direct decisions. According to Julie, the statement was used to help evaluate new products, emphasize quality (a specific XEL strategic objective was to be the top quality vendor for each product), support teams, and drive the performance-appraisal process.

The XEL Vision was successfully implemented as a key first step; but it was far from being a static document. Key XEL managers continually revisited the statement to ensure that it became a reflection of where they wanted to go, not where they had been. Julie believed this regular appraisal was a large factor in the success of the vision. "Our values are the key," Julie explained. "They are strong, they are truly core values, and they are deeply held." Along with the buy-in process, the workers also saw that the managers experimented with the statement, which reflected the strong entrepreneurial nature of XEL's founders—a common bond that they all shared. They were not afraid of risk, or of failure, and this spirit was reinforced in all employees through the vision itself, as well as through the yearly process of revisiting the statement. Once a year, Bill Sanko sat with all employees and directly challenged (and listened to direct challenges to) the XEL Vision. From 1987 to 1995, only two relatively minor additions had altered the original statement.

Which Path to Choose

When the 1995 annual strategic planning process got under way, XEL was in good shape on any one of a number of indicators. Profits were growing, new products were being developed, the culture and vision of the company were strong, employee morale was high, and the self-directed work teams were achieving exceptional quality.[7] Rapid growth, however, was also presenting a challenge. Would it be possible for XEL to maintain its entrepreneurial culture in the face of rapid growth? Could they sustain their growth without harming their culture? Would they find the resources necessary to sustain the growth? From where?

As the strategic planning retreat progressed, three options seemed apparent to the team. First, they could stay the course and remain privately held. Second, they could initiate a public offering of stock. Third, they could seek a strategic partnership. Which would be the right choice for XEL?

EXHIBIT 1
The XEL Vision

XEL will become the leader in our selected telecommunications markets through innovation in products and services. Every XEL product and service will be rated Number One by our customers.

XEL will set the standards by which our competitors are judged. We will be the best, most innovative, responsive designer, manufacturer and provider of quality products and services as seen by customers, employees, competitors, and suppliers.*

We will insist upon the highest quality from everyone in every task.

We will be an organization where each of us is a self-manager who will:
- initiate action, commit to, and act responsibly in achieving objectives
- be responsible for XEL's performance
- be responsible for the quality of individual and team output
- invite team members to contribute based on experience, knowledge and ability

We will:
- be ethical and honest in all relationships
- build an environment where creativity and risk taking is promoted
- provide challenging and satisfying work
- ensure a climate of dignity and respect for all
- rely on interdepartmental teamwork, communications and cooperative problem solving to attain common goals**
- offer opportunities for professional and personal growth
- recognize and reward individual contribution and achievement
- provide tools and services to enhance productivity
- maintain a safe and healthy work environment

XEL will be profitable and will grow in order to provide both a return to our investors and rewards to our team members.

XEL will be an exciting and enjoyable place to work while we achieve success.

*Responsiveness to customers' new product needs as well as responding to customers' emergency delivery requirements have been identified as key strategic strengths. Therefore, the vision statement has been updated to recognize this important element.
**The importance of cooperation and communication was emphasized with this update of the Vision Statement.

4.0

Staying the Course

The most obvious option was to do nothing. Bill Sanko indicated that the management team did not favor staying the course and remaining privately held. "We had a venture capitalist involved who, after being with us for ten years, wanted out. In addition, the founders—ourselves—also wanted out from a financial standpoint. You also have to understand that one of the original founders, Don Donnelly, had passed away; and his estate was looking to make his investment more liquid. So, there were a lot of things that converged at the same time."

Once they determined they would not remain privately held, Bill mentioned that the decision boiled down to two main avenues: XEL would do an initial public offering and go public, or it would find a strategic partner. "To guide us in this process, we decided to retain the services of an outside party; we talked to about a dozen investment houses. In October 1994, we decided to hire Alex Brown, a long time investment house out of Baltimore. What we liked about this firm was that they had experience with doing both options—going public or finding a partner."

Going Public

One avenue open to XEL was initiating a public offering of stock. Alex Brown advised them of the pluses and minuses of this option. Sanko reviewed their recommendations:

The plus side for XEL doing an initial public offering was that technology was really hot about this time [October 1994]. In addition, we felt that XEL would be valued pretty highly in the market. The downside of going public was that XEL was really not a big firm, and institutional investors usually like doing offerings of firms that generate revenues of over $100 million. Another downside was that

you had to deal with analysts, and their projections become your plan, which really turned me off. Also, shareholders want a steady and predictable rate of return. Technology stocks are not steady—there are frequent ups and downs in this marketplace—caused by a number of factors, such as a major telecommunications company deciding not to upgrade at the last minute or Congress considering sweeping regulatory changes. Finally, Alex Brown felt that the stock would have traded thinly. This, coupled with SEC restrictions on trading, made the option of going public less desirable.

4.0

Strategic Partnership

After taking these factors into account, Sanko said,

. . . we decided to take the third path and look for a potential partner. But you have to also note that there was always the first option available as a safety valve. We could not do anything and stay the way we were. That's the nice thing about all of this. We were not under any pressure to go public or seek a partner. We could also wait and do one of these things later on. So, we had the luxury of taking our time.

In terms of finding a potential partner, there were certain key items that we wanted Alex Brown to consider in helping us in this process. The first was that we, management, wanted to remain with XEL. We had really grown XEL as a business and were not interested in going off and doing something else. The second key item was that we were not interested in being acquired by someone who was interested in consolidating our operations with theirs, closing this facility and moving functions from here to there. To us, this would destroy the essence of XEL. The third item was that we wanted a partner that would bring something to the table but would not try to micromanage our business.

The Case Against Strategic Partnership

In the 1990s, "merger mania" swept the United States. In the first nine months of 1995, the value of all announced mergers and acquisitions reached $248.5 billion, surpassing the record full-year volume of $246.9 billion reached in 1988. This volume occurred in the face of strong evidence that over the past thirty-five years, mergers and acquisitions had hurt organizations more than they had helped.[8] Among the reasons for failure in mergers and acquisitions were the following:

- Inadequate due diligence
- Lack of strategic rationale
- Unrealistic expectations of possible synergies
- Paying too much
- Conflicting corporate cultures
- Failure to move quickly to meld the two companies

Nevertheless, there had been successful mergers and acquisitions. Most notably, small and midsized deals had been found to have a better chance for success. Michael Porter argued that the best acquisitions were "gap-filling," that is, a deal in which one company bought another to strengthen its product line or expand its territory, including globally. Anslinger and Copeland argued that successful acquisitions were more likely when preacquisition managers were kept in their positions, big incentives were offered to top-level executives so that their net worths were on the line, and the holding company was kept flat (that is, the business was kept separate from other operating units and retained a high degree of autonomy).[9]

More often than not, however, the deal was won or lost after it was done. Bad post-merger planning and integration could doom the acquisition. "While there is clearly a role for thoughtful and well-conceived mergers in American business, all too many don't meet that description."[10]

Choosing a Partner

"With these issues in mind, Alex Brown was able to screen out possible candidates," said Sanko. "In January, 1995, this plan was presented to our board of directors for approval, and by February, we had developed the 'book' about XEL that was to be presented to these candidates. We then had a series of meetings with the candidates in the conference room at our new facility. The interesting aside on these meetings was that, often, senior management from some of these firms didn't know what pieces of their business that they still had or had gotten rid of. We did not see this as a good sign."

One of the firms with which XEL met was Gilbert Associates, based in Reading, Pennsylvania. Gilbert Associates was founded in the 1940s as an engineering and construction firm, primarily in the area of power plants. They embarked on a strategy of reinventing themselves by divesting their energy-related companies and becoming a holding company whose subsidiaries operated in the high-growth markets of telecommunications and technical services. Gilbert also owned a real estate management-and-development subsidiary. After due diligence and due deliberation, Gilbert was chosen by the management team as XEL's strategic partner. The letter of intent was signed on October 5, 1995, and the deal was closed on October 27, 1995. Gilbert paid $30 million in cash.[11]

Why was Gilbert chosen as the partner from among six or seven suitors? Not because they made the highest bid. XEL was attracted to Gilbert by three factors: (1) Gilbert's long-term strategy to enter the telecommunications industry; (2) its intention of keeping XEL as a separate, autonomous company; and (3) its willingness to pay cash (as opposed to stock or debt). "It was a clean deal," said Sanko.

The deal was also attractive because it was structured with upside potential. XEL was given realistic performance

targets for the next three years. If these targets were achieved, and Sanko had every expectation that they would be, approximately $6-$8 million would be earned. Gilbert did not place a cap on the upside.

In spite of the attractive financial package, more was necessary to seal the deal. "At the end of the day," said Sanko, "culture, comfort, and trust—those were more important than money." It was important to XEL's board that Gilbert presented a good fit. Sanko was encouraged because he felt comfortable with Gilbert's chief executive officer. Vice president of Human Resources Julie Rich also noted, "The management team was to remain intact. Gilbert recognized that the XEL Vision was part of our success and our strength. They wanted to keep it going."

As one way of gaining confidence in Gilbert, Bill Sanko personally spoke with the CEOs of other companies Gilbert had recently acquired. In these conversations, Sanko was assured that Gilbert would keep its promises.

Timothy S. Cobb, chair, president, and CEO of Gilbert Associates, commented at the time of the acquisition: "This transaction represented the first clear step toward the attainment of our long-term strategy of focusing on the higher margin areas of telecommunications and technical services. XEL's superior reputation for quality throughout the industry, its innovative design and manufacturing capabilities, and its focus on products aimed at the emerging information highway markets, will serve us well as we seek to further penetrate this important segment of the vast communications market."[12]

Cobb continued, "We see long-term growth opportunities worldwide for XEL's current proprietary and Original Equipment Manufacturer [OEM] products as well as for the powerful new products being developed. These products fall into two families: (1) fiber-optic network interfaces designed specifically to meet the needs of telephone companies, interexchange carriers (e.g., AT&T, Sprint, MCI), and specialized network carriers installing fiber-optic facilities; and (2) a hybrid fiber/cable broadband modem for use by cable television firms seeking to provide enhanced data communications services over their network facilities. Going forward, we expect to leverage Gilbert's knowledge and relationships with the RBOCs to significantly increase sales to those important customers, while also utilizing our GAI-Tronics subsidiary's established international sales organization to further penetrate the vast global opportunities which exist. As a result, revenues from Gilbert Associates' growing telecommunications segment could represent over half of our total revenues by the end of 1996."

Timothy Cobb had come to Gilbert from Ameritech, an RBOC which covered the Midwestern United States. He had been president of GAI-Tronics Corporation, an international supplier of industrial communication equipment, a subsidiary of Gilbert, prior to his appointment as Gilbert's CEO.

Bill Sanko offered, "When all the dust had settled, the one firm that we really felt good about was Gilbert.... Gilbert is an interesting story in itself. Ironically, they had contacted us in August, 1994, based on the advice of their consultant who had read about us in an *Inc.* magazine article. Unfortunately, at the time, they did not have the cash to acquire us since they were in the process of selling off one of their divisions. In the intervening period, Gilbert Associates divested itself of one of its companies, Gilbert/Commonwealth. This sale provided needed funds for the acquisition of XEL."

4.0

Once Sanko was confident that the deal would go, but before the letter of intent was signed, the pending acquisition was announced to the management team, and a general meeting was held with all employees. SEC regulations prohibited sharing particular information (and common sense seconded this directive), but Sanko and his associates felt it was important to keep employees informed before the letter was signed.

During the meeting, Sanko told the employees that the board was "seriously considering" an offer. Sanko assured the employees that the suitor was not a competitor, and that he felt that the suitor was a good fit in culture and values. Sanko reiterated that this partnership would give XEL the resources it needed to grow. Questions were not allowed because of SEC regulations. Employees left the meeting concerned and somewhat nervous, but members of the management team and Julie Rich were positioned in the audience and made themselves available to talk.

During the closing of the deal, Sanko held another general meeting, attended by Timothy Cobb, where more detailed information was shared with employees. Managers had been informed in a premeeting so that they would be prepared to meet with their teams directly following the general meeting.

Employees wanted to know about Gilbert. They wanted to know simple information, such as where Gilbert was located and what businesses it was in. They also wanted to know strategic plans, such as whether Gilbert had plans to consolidate manufacturing operations. Finally, they wanted to know about the near future of XEL—they wanted to know if their benefits would change, if they would still have profit sharing, and if the management team would stay in place. "We have a track record of being open," says Sanko. "Good news or bad is always shared. This history stemmed much of the rumor mill."

In the next few weeks, Tim Cobb returned to hold a series of meetings with the management team and with a focus group of thirty employees representing a cross-section of the organization. Cobb also met with managers and their spouses at an informal reception. Sanko wanted to ease the management team into the realization that they were now part of a larger whole in Gilbert. He asked Cobb to make the same presentation to XEL that he was cur-

rently making to stockholders throughout the country—a presentation that emphasized the role XEL would play in the long-term strategy of Gilbert.

Going Forward

4.0

The human resource systems remained in place with no changes. The management bonus system would change slightly because it included stock options, which were no longer available. XEL's internal advisory board, the "management team," remained intact, but XEL's external advisory board was disbanded. Bill Sanko reported to Gilbert's chairman.

XEL's strategic plan was to follow the process it already had in place, and which was not unlike Gilbert's. The cycle did not change: Gilbert expected XEL's next strategic plan in early November 1996.

XEL's strategic objectives also remained the same. Nothing was put on hold. Plans were still in place to penetrate Brazil, Mexico, and South America.[13] Sanko hoped to capitalize on the synergies of Gilbert's existing international distribution network. XEL met with Gilbert's international representatives to see if this was an avenue for XEL to gain a more rapid presence in South America. Finally, XEL was planning to move into Radio Frequency (RF) engineering and manufacturing, potentially opening the door for wireless support.

Whether XEL would grow depended on the success of these new ventures. In 1996, slight growth was forecasted. But if these new markets really took off, Julie Rich was concerned about hiring enough people in Colorado when the labor market was approaching full employment. Julie considered more creative ways of attracting new hires: for example, by offering more flexible scheduling, or by hiring unskilled workers and training them internally. A new U.S. Department of Education grant to test computer-based training systems was being implemented. Nevertheless, employment was strong in the Denver metro area in 1996, and migration to Colorado had slowed. It would be a challenge to staff XEL if high growth became the business strategy.

Approximately six weeks after the acquisition, Sanko noted that few changes had taken place. Now that they were a publicly held company, there was a great deal more interest in meeting quarterly numbers. "If there has been a change," said Sanko, "it is that there is more attention to numbers." Julie Rich noted that there had been no turnover in the six-week period following the acquisition. She took this calm in the workforce as a sign that things were going well so far.

One reason things went well was that the management team had all worked for GTE prior to the spin-off of XEL. Having all worked for a large public company, they did not experience a terrible culture shock when the Gilbert acquisition took place. Time would tell if the remaining XEL employees would feel the same way.

As Sanko awaited Cobb's upcoming visit, he wondered how to prepare for the event and for the year ahead. He wondered whether XEL would attempt new ventures into RF technology, or how the planned fiber/cable broadband modem would progress. He wondered whether Gilbert's experience in selling in South America would prove valuable for XEL's international strategy. In addition, he wondered how he could encourage XEL and its employees to become members of Gilbert's "team." Would XEL's vision survive the new partnership?

Finally, according to one study of CEO turnover after acquisition, 80 percent of acquired CEOs left their companies by the sixth year after the acquisition, but 87 percent of those who did leave, did so within two years. The key factor in their turnover was post-acquisition autonomy.[14] After nearly twelve years as the captain of his own ship, Sanko wondered what his own future, and the future of the XEL management team, would hold.

Notes

1. For additional information on XEL Communications, Inc., and the key strategic issues facing XEL, see Robert P. McGowan and Cynthia V. Fukami, "XEL Communications, Inc. (A)," Daniels College of Business, University of Denver © 1995, published by South-Western Publishing.
2. *PR Newsletter* (October 5, 1995).
3. Bill Menezes "Modern Times," *Rocky Mountain News* (April 28, 1996).
4. *PR Newswire* (October 5, 1995).
5. John Sheridan, "America's Best Plants: XEL Communications," *IndustryWeek* (October 16, 1995).
6. See McGowan and Fukami, "XEL Communications, Inc. (A)," for a larger discussion of corporate culture at XEL.
7. Sheridan, "America's Best Plants."
8. Philip Zweig "The Case Against Mergers," *BusinessWeek* (October 30, 1995).
9. Patricia Anslinger and Thomas Copeland, "Growth Through Acquisitions: A Fresh Look," *Harvard Business Review* (January–February 1996).
10. Zweig, "The Case Against Mergers."
11. Dina Bunn "XEL to be Sold in $30 Million Deal," *Rocky Mountain News* (October 27, 1995).
12. *PR Newswire* (October 5, 1995).
13. For more information on XEL's global penetration, see McGowan and Allen, "XEL Communications, Inc. (B): Going Global."
14. Kim A. Stewart, "After the Acquisition: A Study of Turnover of Chief Executives of Target Companies," doctoral dissertation, University of Houston, 1992.

Integrative Case 5.0

Empire Plastics*

5.0

A Project to Remember

In June 1991, **Ian Jones** a production manager with **Empire Plastics Northern (EPN)** was pondering the latest project to increase the production rate of oleic acid. This was the third project in 6 years targeting the oleic acid plant for improvement and arose from the policy followed by the group's directors. This was to identify profitable plants and invest in improving their productivity and profitability, thus avoiding the need for investment in new facilities.

The installation of the "wet end" went well and no problems were experienced. However, the "dry end" was a different story. It wasn't working a year after practical completion, except in short bursts. They were still making changes to it. Jones had known all along that the technology on the dry end was relatively new and might prove troublesome, but the procurement department at **Empire Consultants** in their wisdom recommended its use. Granted, they did send a couple of guys over to Italy to see some similar plants first.

Jones constructed an organizational chart and set about examining the key issues raised by this project (Exhibit 1).

Jones had been appointed as commissioning manager at the commencement of the project. He remembered some of the nightmares experienced by colleagues during two earlier oleic acid projects and firmly resolved to make this one different; it was going to be "his" to manage on completion, and he was going to make his presence felt from the outset.

The execution of the project had been overseen by the group's engineering arm, **Empire Consultants (EC)**, headed up by **Henry Holdsworth** as site project manager and **John Marshall** as construction engineer. It was a good team. The project was ambitious, but there were several signs of progress in the beginning. What did perplex him, though, was Marshall's apparent lack of enthusiasm.

Holdsworth described the project as a double management contract, and in this respect it was an unusual project. Empire Consultants traditionally assumed the role of management contactor and directly organized the trade contractors and discipline consultants. Times were changing, though, and both Holdsworth and Marshall had commented on the increasing frequency with which projects were now being tendered as complete packages to outside management contractors. This was their first project that involved two management contractors simultaneously, and neither Marshall nor Holdsworth was happy. Their own involvement had not been clearly defined. **Western Construction** had a £3.1 million contract for the "wet end" and **Teknibuild** a £6.0 million contract for the "dry end." These two contractors provided all the design and management effort during the project. EC's role was effectively reduced to acting as construction policemen; checking that design and construction were being carried out in accordance with the original process diagram and that EPN's demanding process control and safety requirements were being maintained.

Selecting the management contractors turned out to be extremely protracted and Holdsworth, encouraged by Jones, went ahead and ordered reactors for the wet end and a fluidized bed dryer for the dry end. Over 50% of the total material requirements were in order before either contractor had been formally appointed. Jones was confident that by doing this they could cut the project duration by several months. Nobody had asked Marshall for his opinion.

Conflict Ahead

The first line breaks were in October 1988. Site operations were supervised by Marshall and the two contractor site managers: **Bob Weald** from Western and **Vic Mason** from Teknibuild.

As a construction engineer, Marshall was familiar with the antics of clients and client representatives, especially regarding their tendency to try to make changes. He commented:

Clients always try and change things! When they see the job in the flesh as it were they go "Oh, we need some extra paving round here, or extra railings there!" But if they didn't ask for that at the start, they won't get it. If they want an extra 100 metres of paving they have to pay for it. In this project we had about £500k set aside for contingency purposes, that is unforeseen eventualities over and above the price fixed with the management contractors. If that is not used up by the end of the contract, as in this case, then we can give the clients some extras.

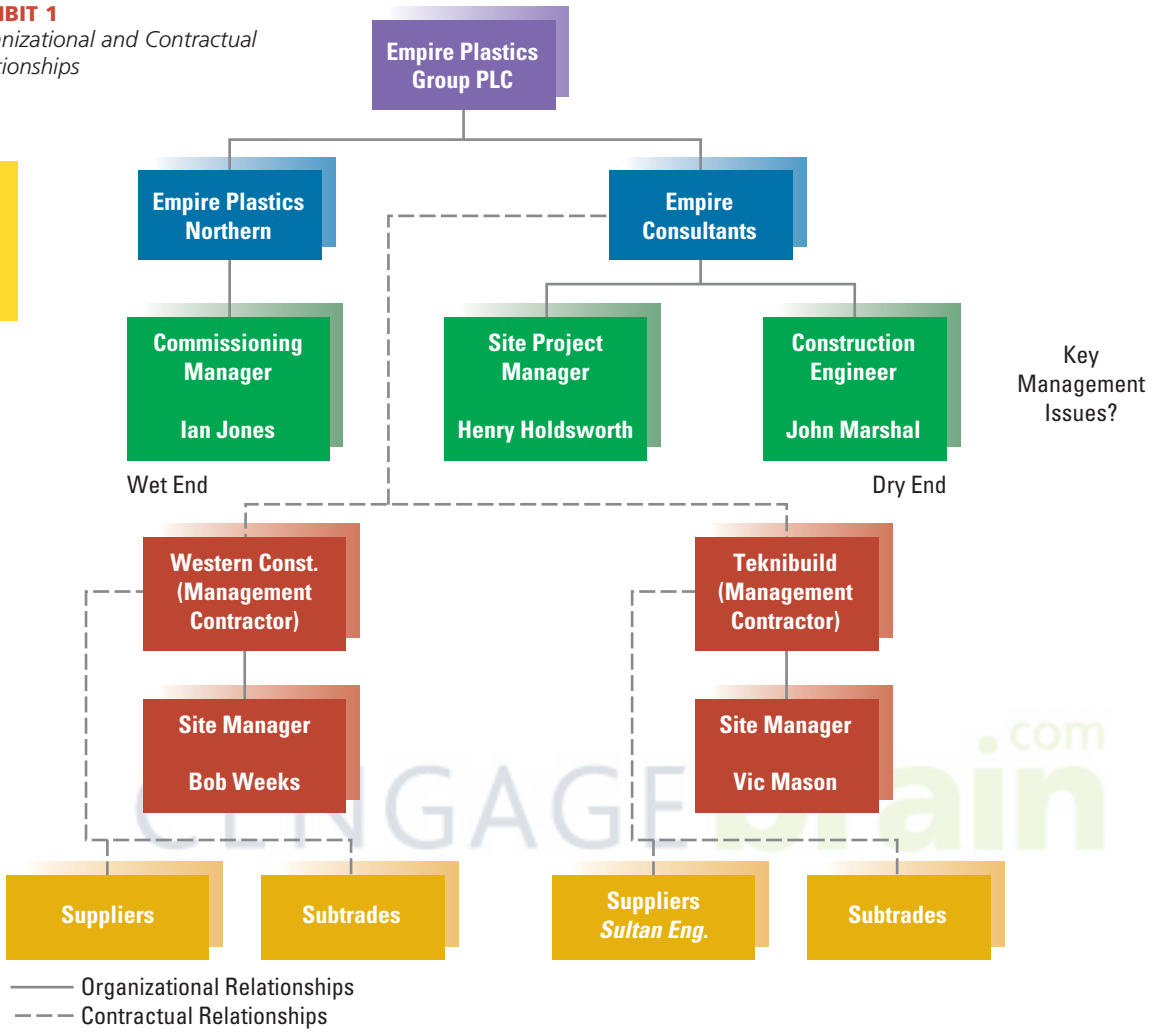
Jones recalled that by June 1989 relationships were not going at all well at the dry end. EC had procured a fluidized bed dryer, a cooler, and more than 300 associated parts, and, as the purchasers of this equipment, they were

*This case was prepared by Dr. Paul D. Gardiner, Department of Business Organisation, Heriot-Watt University, Edinburgh. It is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation.

The case was made possible by the cooperation of an organization which wishes to remain anonymous.

EXHIBIT 1
Organizational and Contractual Relationships

5.0



the ones responsible for chasing up design drawings from the supplier, **Sultan Engineering.**

Unfortunately, Teknibuild, who, as management contractors, were supposed to design and build the plant, had problems getting the necessary information from Sultan to design the steelwork and foundations. As Marshall had noted earlier:

They [Teknibuild] *were constantly at our doors and throats looking for more information to get on. They didn't seem to have enough data to design properly, which led to conflict very early on. We got off to a bad start and that feeling carried on right to the end of the job. I think in every discipline we had problems with Teknibuild. Our discipline engineer against their discipline engineer.*

The only exception to this was with the electrical and instrumentation (E & I) work. Marshall had put that down to the E & I subcontractor coming in at the end of the log jam of information, giving them more time to get it right.

While this was going on, Jones got more and more frustrated. In his opinion a lot of time was wasted between Teknibuild and EC for no good reason. He was sure that Teknibuild had more than enough design information to do their job.

When confronted by Jones, Marshall remarked that the truth probably lay somewhere in between, but added that he was *"particularly dismayed at Teknibuild's unwillingness to spend man-hours on the design until they had 100% definition from Sultan Engineering,"* almost to the point where they knew where every nut and bolt was. It was a real mess . . . and Marshall was accepting none of the blame.

On the other hand, things went fine with Western Construction. Their approach was much more relaxed; they

had a design office on site with low overheads, whereas Teknibuild worked from the head office in a large design office with high overheads.

On one occasion Marshall asked for Teknibuild's planner to come down and take some site measurements. The reply he received was not very constructive: *"I don't know if I can do that, it's at least a couple of hours to get down there."* Holdsworth agreed that Teknibuild were constantly watching their man-hours:

You felt all the time that they were looking for profit rather than trying to get the job done. Even Teknibuild's construction man, Vic Mason, had internal conflict with his own designers. But with Western it was the other way round, you really felt they were seeking to set a good impression.

Jones thought that perhaps communication with Western had been good because their design and construction people operated side by side, communication was just across the corridor; whereas Teknibuild's site men had difficulty getting answers out of their Head Office. Marshall had always maintained that the best-run jobs are the ones in which you get a good design-construction liaison, particularly by having the designers on site with you.

Failing . . . Forward

Jones considered that in the future it might be a good idea to insist that management contractors set up a local design team on site. Current practice was to leave it up to the contractor, but these days EC had few designers of their own to help.

The trouble with management contractors, he surmised, is that you create an extra link in the communications chain—a large link that can easily break down, and, in his experience, did break down.

Relationships had been better at the wet end, he felt, because Marshall and Weald had worked together before. Marshall knew Weald, knew how he worked and where he was coming from. They could trust each other.

At the Teknibuild end, Vic Mason, their site manager, caused no end of conflict. He was a bit belligerent; thought he knew best, had done it all before, and couldn't be told anything. It never really got out of hand . . . just a bit heated at times. At the end of the day, Marshall maintained that Mason's intentions were ultimately to get the job built. But Jones remained unimpressed, even if Mason's main trouble was his own designers and suppliers.

Driving home, Jones wondered what the effect of the company's new policy on managing projects would be on people like Harry Holdsworth and John Marshall. He couldn't help remembering what Marshall had said about Teknibuild and Western independently setting up their own enquiries and going out for bids separately; there did seem to be a lot of repetition—maybe Marshall was right in viewing the new system as *"a very inefficient way of doing projects."*

Integrative Case 6.0

The Audubon Zoo, 1993*

6.0

The Audubon Zoo was the focus of national concern in the early 1970s, with well-documented stories of animals kept in conditions that were variously termed an "animal ghetto,"[1] "the New Orleans antiquarium," and even "an animal concentration camp."[2] In 1971, the Bureau of Governmental Research recommended a $5.6 million zoo improvement plan to the Audubon Park Commission and the City Council of New Orleans. The local *Times Picayune* commented on the new zoo: "It's not going to be quite like the Planet of the Apes situation in which the apes caged and studied human beings but something along those broad general lines."[3] The new zoo confined people to bridges and walkways while the animals roamed amidst grass, shrubs, trees, pools, and fake rocks. The gracefully curving pathways, generously lined with luxuriant plantings, gave the visitor a sense of being alone in a wilderness, although crowds of visitors might be only a few yards away.

The Decision

The Audubon Park Commission launched a $5.6 million development program, based on the Bureau of Governmental Research plan for the zoo, in March 1972. A bond issue and a property tax dedicated to the zoo were put before the voters on November 7, 1972. When it passed by an overwhelming majority, serious discussions began about what should be done. The New Orleans City Planning Commission finally approved the master plan for the Audubon Park Zoo in September 1973. But the institution of the master plan was far from smooth.

The Zoo Question Goes Public

Over two dozen special interests were ultimately involved in choosing whether to renovate/expand the existing facilities or move to another site. Expansion became a major community controversy. Some residents opposed the zoo expansion, fearing "loss of green space" would affect the secluded character of the neighborhood. Others opposed the loss of what they saw as an attractive and educational facility.

Most of the opposition came from the zoo's affluent neighbors. Zoo Director John Moore ascribed the criticism to "a select few people who have the money and power to make a lot of noise." He went on to say, "[T]he real basis behind the problem is that the neighbors who live around the edge of the park have a selfish concern because they want the park as their private backyard." Legal battles over the expansion plans continued until early 1976. At that time, the 4th Circuit Court of Appeals ruled that the expansion was legal.[4] An out-of-court agreement with the zoo's neighbors (the Upper Audubon Association) followed shortly.

Physical Facilities

The expansion of the Audubon Park Zoo took it from fourteen to fifty-eight acres. The zoo was laid out in geographic sections: the Asian Domain, World of Primates, World's Grasslands, Savannah, North American Prairie, South American Pampas, and Louisiana Swamp, according to the zoo master plan developed by the Bureau of Governmental Research. Additional exhibits included the Wisner Discovery Zoo, Sea Lion exhibit, and Flight Cage. Exhibit 1 is a map of the new zoo.

Purpose of the Zoo

The main outward purpose of the Audubon Park Zoo was entertainment. Many of the promotional efforts of the zoo were aimed at creating an image of the zoo as an entertaining place to go. Obviously, such a campaign was necessary to attract visitors to the zoo. Behind the scenes, the zoo also preserved and bred many animal species, conducted research, and educated the public. The mission statement of the Audubon Institute is given in Exhibit 2.

New Directions

A chronology of major events in the life of the Audubon Zoo is given in Exhibit 3. One of the first significant changes made was the institution of an admission charge in 1972. Admission to the zoo had been free to anyone prior to the adoption of the renovation plan. Ostensibly, the initial purpose behind instituting the admission charge was to prevent vandalism,[5] but the need for additional income was also apparent. Despite the institution of and increases in admission charges, attendance increased dramatically (Exhibit 4).

Operations

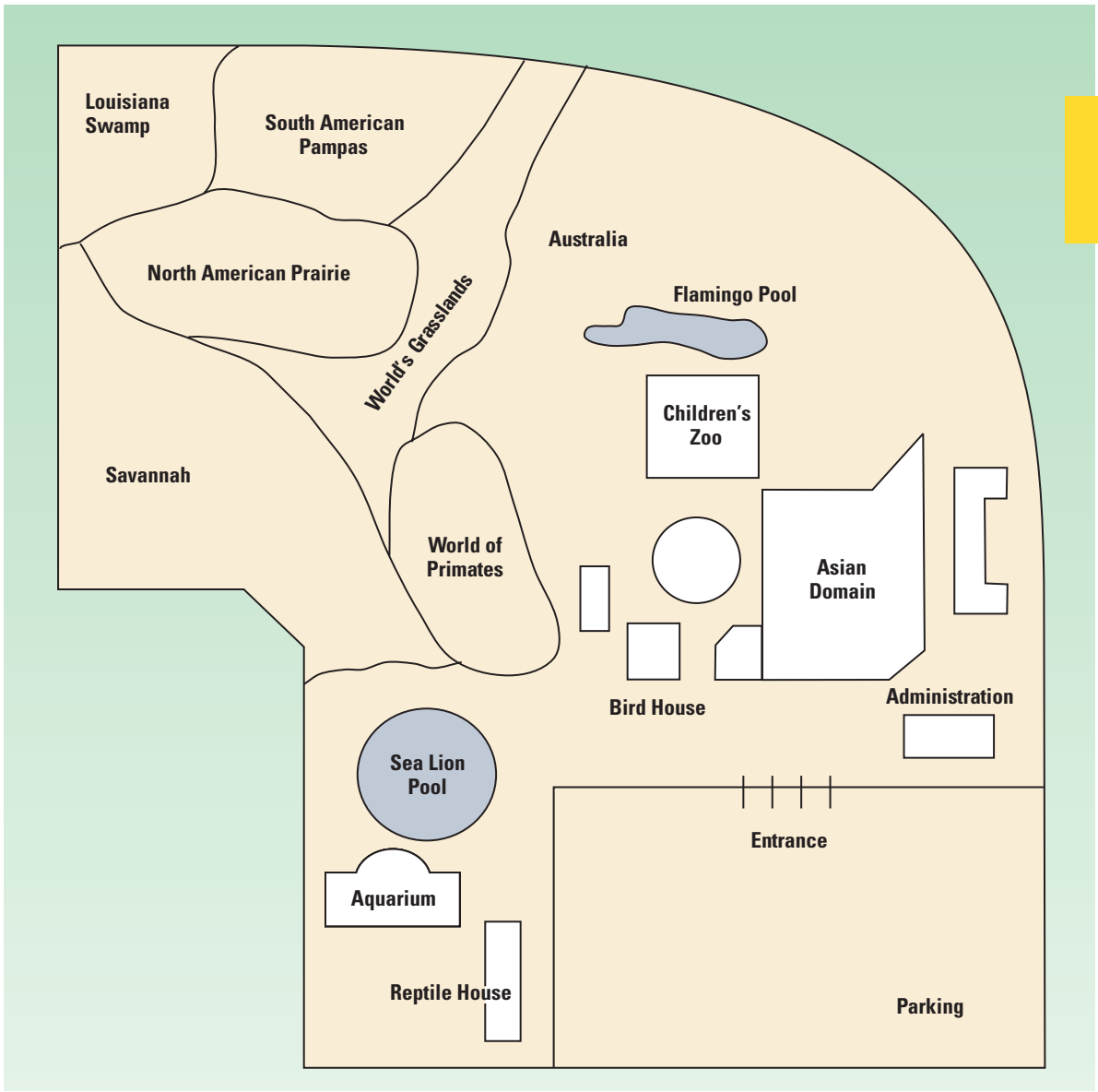
Friends of the Zoo

The Friends of the Zoo was formed in 1974 and incorporated in 1975 with four hundred members. The stated purpose of the group was to increase support and awareness of the Audubon Park Zoo. Initially, the Friends of the Zoo tried to increase interest in and commitment to the zoo, but its activities increased dramatically over the following

*By Claire J. Anderson, Old Dominion University, and Caroline Fisher, Loyola University, New Orleans. © 1993, 1991, 1989, 1987, Claire J. Anderson and Caroline Fisher. This case was designed for classroom discussion only, not to depict effective or ineffective handling of administrative situations.

EXHIBIT 1

The Audubon Park Zoo



6.0

years to where it was involved in funding, operating, and governing the zoo.

The Friends of the Zoo had a 24-member governing board. Yearly elections were held for six members of the board, who served four-year terms. The board oversaw the policies of the zoo and set guidelines for memberships, concessions, fund-raising, and marketing. Actual policy making and operations were controlled by the Audubon Park Commission, however, which set zoo hours, admission prices, and so forth.

Through its volunteer programs, the Friends of the Zoo staffed many of the zoo's programs. Members of the Friends of the Zoo served as "edZOOcators," education volunteers who were specially trained to conduct interpretive educational programs, and "Zoo Area Patrollers," who provided general information at the zoo and helped with crowd control. Other volunteers assisted in the commissary, the Animal Health Care Center, and the Wild Bird Rehabilitation Center or helped with membership, public relations, graphics, clerical work, research, or horticulture.

6.0

EXHIBIT 2

Audubon Institute Mission Statement

The mission of the Audubon Institute is to cultivate awareness and appreciation of life and the earth's resources and to help conserve and enrich our natural world. The Institute's primary objectives toward this are:

Conservation: To participate in the global effort to conserve natural resources by developing and maintaining captive stocks of endangered plants, animals, and marine life, and by cooperating with related projects in the wild.

Education: To impart knowledge and understanding of the interaction of nature and man through programs, exhibits, and publications and to encourage public participation in global conservation efforts.

Research: To foster the collection and dissemination of scientific information that will enhance the conservation and educational objectives of the facilities of the Audubon Institute.

Economics: To ensure long-range financial security by sound fiscal management and continued development, with funding through creative means that encourage corporate, foundation, and individual support.

Leadership: To serve as a model in the civic and professional communities. To foster a spirit of cooperation, participation, and pride.

Source: The Audubon Institute.

EXHIBIT 3

Chronology of Major Events for the Zoo

1972	Voters approved a referendum to provide tax dollars to renovate and expand the Zoo. The first Zoo-To-Do was held. An admission charge was instituted.
1973	The City Planning Commission approved the initial master plan for the Audubon Park Zoo calling for $3.4 million for upgrading. Later phases called for an additional $2.1 million.
1974	Friends of the Zoo formed with 400 members to increase support and awareness of the Zoo.
1975	Renovations began with $25 million in public and private funds; 14 acres to be expanded to 58 acres.
1976	The Friends of the Zoo assumed responsibility for concessions.
1977	John Moore went to Albuquerque; Ron Forman took over as Park and Zoo director.
1980	First full-time education staff assumed duties at the Zoo.
1981	Contract signed allowing New Orleans Steamboat Company to bring passengers from downtown to the Park.
1981	Delegates from the American Association of Zoological Parks and Aquariums ranked the Audubon Zoo as one of the top three zoos of its size in America.
1981	Zoo accredited.
1982	The Audubon Park Commission reorganized under Act 352, which required the Commission to contract with a nonprofit organization for the daily management of the Park.
1985	The Zoo was designated as a Rescue Center for Endangered and Threatened Plants.
1986	Voters approved a $25 million bond issue for the Aquarium.
1988	The Friends of the Zoo became the Audubon Institute.
1990	The Aquarium of the Americas opened in September.

Source: The Audubon Institute.

EXHIBIT 4

Admission Charges

Admission Charges		
Year	**Adult**	**Child**
1972	$0.75	$0.25
1978	1.00	0.50
1979	1.50	0.75
1980	2.00	1.00
1981	2.50	1.25
1982	3.00	1.50
1983	3.50	1.75
1984	4.00	2.00
1985	4.50	2.00
1986	5.00	2.50
1987	5.50	2.50
1988	5.50	2.50
1989	6.00	3.00
1990	6.50	3.00
1991	7.00	3.25

Admission		
Year	**Number of Paid Admissions**	**Number of Member Admissions**
1972	163,000	
1973	310,000	
1974	345,000	
1975	324,000	
1976	381,000	
1977	502,000	
1978	456,000	
1979	561,000	
1980	707,000	
1981	741,000	
1982	740,339	78,950
1983	835,044	118,665
1984	813,025	128,538
1985	856,064	145,020
1986	916,865	187,119
1987	902,744	193,926
1988	899,181	173,313
1989	711,709	239,718
1990	725,469	219,668

Source: The Audubon Institute.

In 1988, the name of the Friends of the Zoo was changed to the Audubon Institute to reflect its growing interest in activities beyond the zoo alone. It planned to promote the development of other facilities and manage these facilities once they were a reality.

6.0

Fund-Raising. The Audubon Park Zoo and the Friends of the Zoo raised funds through five major types of activities: Friends of the Zoo membership, concessions, "Adopt an Animal," "Zoo-To-Do," and capital fund drives. Zoo managers from around the country came to the Audubon Park Zoo for tips on fund-raising.

Membership. Membership in the Friends of the Zoo was open to anyone. The membership fees increased over the years as summarized in Exhibit 5, yet the number of members increased steadily from the original 400 members in 1974 to 38,000 members in 1990, but declined to 28,000 in 1992. Membership allowed free entry to the Audubon Park Zoo and many other zoos around the United States. Participation in Zoobilations (annual members-only evenings at the zoo) and the many volunteer programs described earlier were other benefits of membership.

Expanding membership required a special approach to marketing the zoo. Chip Weigand, director of marketing for the zoo, stated:

. . . [I]n marketing memberships we try to encourage repeat visitations, the feeling that one can visit as often as one wants, the idea that the zoo changes from visit to visit and that there are good reasons to make one large payment or donation for a membership card, rather than paying for each visit.... [T]he overwhelming factor is a good zoo that people want to visit often, so that a membership makes good economical sense.

Results of research on visitors to the zoo are contained in Exhibits 6 and 7.

In 1985, the zoo announced a new membership designed for business, the Audubon Zoo Curator Club, with four categories of membership: bronze, $250; silver, $500; gold, $1,000; and platinum, $2,500 and more.

Concessions. The Friends of the Zoo took over the Audubon Park Zoo concessions for refreshments and gifts in 1976 through a public bidding process. The concessions were run by volunteer members of the Friends of the Zoo and all profits went directly to the zoo. Before 1976, concession rentals brought in $1,500 in a good year. Profits from operation of the concessions by the Friends of the Zoo brought in $400,000 a year by 1980 and almost $700,000 in profits in 1988. In 1993, FOTZ was considering leasing the concessions to a third-party vendor.

Adopt an Animal. Zoo Parents paid a fee to "adopt" an animal, the fee varying with the animal chosen. Zoo Parents' names were listed on a large sign inside the zoo. They also had their own annual celebration, Zoo Parents Day.

Zoo-To-Do. Zoo-To-Do was an annual black-tie fundraiser held with live music, food and drink, and original, high-class souvenirs, such as posters or ceramic necklaces. Admission tickets, limited to 3,000 annually, were priced starting at $100 per person. A raffle was conducted in conjunction with the Zoo-To-Do, with raffle items varying

EXHIBIT 5

Membership Fees and Membership

Year	Family Membership Fees	Individual Membership Fees	Number of Memberships
1979	$20	$10	1,000
1980	20	10	7,000
1981	20	10	11,000
1982	25	15	18,000
1983	30	15	22,000
1984	35	20	26,000
1985	40	20	27,000
1986	45	25	28,616
1987	45	25	29,318
1988	45	25	33,314
1989	49	29	36,935
1990	49	29	38,154

Source: The Audubon Institute.

EXHIBIT 6

Respondent Characteristics of Zoo Visitors According to Visitation Frequency (in %)

Respondent Characteristic	Number of Zoo Visits Over Past Two Years			
	Four or More	Two or Three	One or None	Never Visited
Age				
Under 27	26	35	31	9
27 to 35	55	27	15	3
36 to 45	48	32	11	9
46 to 55	18	20	37	25
Over 55	27	29	30	14
Marital status				
Married	41	28	20	11
Not married	30	34	24	13
Children at home				
Yes	46	30	15	9
No	34	28	27	12
Interested in visiting New Orleans Aquarium				
Very, with emphasis	47	26	18	9
Very, without emphasis	45	24	23	12
Somewhat	28	37	14	11
Not too	19	32	27	22
Member of Friends of the Zoo				
Yes	67	24	6	4
No, but heard of it	35	30	24	12
Never heard of it	25	28	35	13
Would you be interested in joining FOTZ (non-members only)?				
Very/somewhat	50	28	14	8
No/don't know	33	29	26	12

Source: The Audubon Institute.

6.0

from an opportunity to be zoo curator for a day to the use of a Mercedes-Benz for a year. Despite the rather stiff price, the Zoo-To-Do was a popular sellout every year. Local restaurants and other businesses donated most of the necessary supplies, decreasing the cost of the affair. In 1985, the Zoo-To-Do raised almost $500,000 in one night, more money than any other nonmedical fund-raiser in the county.[6]

Advertising

The Audubon Zoo launched impressive marketing campaigns in the 1980s. The zoo received ADDY awards from the New Orleans Advertising Club year after year.[7] In 1986, the film *Urban Eden*, produced by Alford Advertising and Buckholtz Productions Inc. in New Orleans, finished first among fifty entries in the "documentary films, public relations" category of the Eighth Annual Houston International Film Festival. The first-place Gold Award recognized the film for vividly portraying Audubon Zoo as a conservation, rather than a confining, environment.

During the same year, local television affiliates of ABC, CBS, and NBC produced independent TV spots using the theme: "One of the World's Greatest Zoos Is in Your Own Backyard...Audubon Zoo!" Along with some innovative views of the Audubon Zoo being in someone's "backyard," local news anchor personalities enjoyed "monkeying around" with the animals, and the zoo enjoyed some welcome free exposure.[8]

EXHIBIT 7

Relative Importance of Seven Reasons Respondent Does Not Visit the Zoo More Often (in %)

Reason (Closed-Ended)	Very Imp. w/ Emphasis	Very Imp. w/o Emphasis	Somewhat Important	Unimportant
The distance of the Zoo from where you live	7	11	21	60
The cost of a Zoo visit	4	8	22	66
Not being all that interested in Zoo animals	2	12	18	67
The parking problems on weekends	7	11	19	62
The idea that you get tired of seeing the same exhibits over and over	5	18	28	49
It's too hot during summer months	25	23	22	30
Just not having the idea occur to you	8	19	26	48

Source: The Audubon Institute.

6.0

In 1993, the marketing budget was over $800,000, including group sales, public relations, advertising, and special events. Not included in this budget was developmental fund-raising or membership. Percentage breakdowns of the marketing budget can be found in Exhibit 8.

The American Association of Zoological Parks and Aquariums reported that most zoos find the majority of their visitors live within a single population center in close proximity to the park.[9] Thus, to sustain attendance over the years, zoos must attract the same visitors repeatedly. A

EXHIBIT 8

1991 Marketing Budget

Marketing		**Advertising**	
General and Administrative	$ 30,900	Media	$244,000
Sales	96,300	Production	50,000
Public Relations	109,250	Account Service	10,800
Advertising	304,800	TOTAL	$304,800
Special Events	157,900		
TOTAL	$699,150	**Special Events**	
		General and Administrative	$ 27,900
Public Relations		LA Swamp Fest	35,000
Education, Travel, and Subscriptions	$ 5,200	Earthfest	25,000
Printing and Duplicating	64,000	Ninja Turtle Breakfast	20,000
Professional Services	15,000	Jazz Search	15,000
Delivery and Postage	3,000	Fiesta Latina	10,000
Telephone	1,250	Crescent City Cats	10,000
Entertainment	2,000	Other Events	15,000
Supplies	16,600	TOTAL	$157,900
Miscellaneous	2,200		
TOTAL	$109,250		

Source: The Audubon Institute.

EXHIBIT 9

Selected Audubon Park Zoo Promotional Programs

Month	Activity
March	**Louisiana Black Heritage Festival.** A two-day celebration of Louisiana's black history and its native contributions through food, music, and arts and crafts.
March	**Earth Fest.** The environment and our planet are the focus of this fun-filled and educational event. Recycling, conservation displays, and puppet shows.
April	**Jazz Search.** This entertainment series is aimed at finding the best new talent in the area with the winners featured at the New Orleans Jazz & Heritage Festival.
April	**Zoo-To-Do for kids.** At this "pint-sized" version of the Zoo-To-Do, fun and games abound for kids.
May	**Zoo-To-Do.** Annual black tie fund-raiser featuring over 100 of New Orleans' finest restaurants and three music stages.
May	**Irma Thomas Mother's Day Concert.** The annual celebration of Mother's Day with a buffet.
August	**Lego Invitational.** Architectural firms turn thousands of Lego pieces into original creations.
September	**Fiesta Latina.** Experience the best the Hispanic community has to offer through music, cuisine, and arts and crafts.
October	**Louisiana Swamp Festival.** Cajun food, music, and crafts highlight this four-day salute to Louisiana's bayou country; features hands-on contact with live swamp animals.
October	**Boo at the Zoo.** This annual Halloween extravaganza features games, special entertainment, trick or treat, a haunted house, and the Zoo's Spook Train.

Source: The Audubon Institute

6.0

large number of the zoo's promotional programs and special events were aimed at just that.

Progress was slow among non-natives. For example, Simon & Schuster, a reputable publishing firm, in its 218-page [Frommer's] *1983–84 Guide to New Orleans*, managed only a three-word allusion to a "very nice zoo." A 1984 study found that only 36 percent of the visitors were tourists, and even this number was probably influenced to some extent by an overflow from the World's Fair.

Promotional Programs

The Audubon Park Zoo and the Friends of the Zoo conducted a multitude of very successful promotional programs. The effect was to have continual parties and celebrations going on, attracting a variety of people to the zoo (and raising additional revenue). Exhibit 9 lists the major annual promotional programs conducted by the zoo.

In addition to these annual promotions, the zoo scheduled concerts of well-known musicians, such as Irma Thomas, Pete Fountain, The Monkees, and Manhattan Transfer, and other special events throughout the year. As a result, a variety of events occurred each month.

Many educational activities were conducted all year long. These included (1) a junior zookeeper program for seventh and eighth graders; (2) a student intern program for high school and college students; and (3) a ZOOmobile that took live animals to such locations as special education classes, hospitals, and nursing homes.

Admission Policy

The commission recommended the institution of an admission charge. Arguments generally advanced against such a charge held that it results in an overall decline in attendance and a reduction of nongate revenues. Proponents held that gate charges control vandalism, produce greater revenues, and result in increased public awareness and appreciation of the facility. In the early 1970s, no major international zoo charged admission, and 73 percent of the 125 zoos in the United States charged admission.

The commission argued that there is no such thing as a free zoo; someone must pay. If the zoo is tax-supported, then locals carry a disproportionate share of the cost. At the time, neighboring Jefferson Parish was growing by leaps and bounds and surely would bring a large, nonpaying [constituency] to the new zoo. Further, since most zoos are tourist attractions, tourists should pay since they contribute little to the local tax revenues.

6.0

The average yearly attendance for a zoo may be estimated using projected population figures multiplied by a "visitor generating factor." The average visitor generating factor of fourteen zoos similar in size and climate to the Audubon Zoo was 1.34, with a rather wide range from a low of 0.58 in the cities of Phoenix and Miami to a high of 2.80 in Jackson, Mississippi.

Attracting More Tourists and Other Visitors

A riverboat ride on the romantic paddle wheeler *Cotton Blossom* took visitors from downtown New Orleans to the zoo. Originally, the trip began at a dock in the French Quarter, but it was later moved to a dock immediately adjacent to New Orleans' newest attraction, the Riverwalk, a Rouse development, on the site of the 1984 Louisiana World Exposition. Not only was the riverboat ride great fun, it also lured tourists and conventioneers from the downtown attractions of the French Quarter and the new Riverwalk to the zoo, some six miles upstream. A further allure of the riverboat ride was a return trip to downtown on the New Orleans Streetcar, one of the few remaining trolley cars in the United States. The Zoo Cruise not only drew more visitors but also generated additional revenue through landing fees paid by the New Orleans Steamboat Company and [helped keep] traffic out of uptown New Orleans.[10]

Financial

The zoo's ability to generate operating funds has been ascribed to the dedication of the Friends of the Zoo, continuing increases in attendance, and creative special events and programs. A history of adequate operating funds allowed the zoo to guarantee capital donors that their gifts would be used to build and maintain top-notch exhibits. A comparison of the 1989 and 1990 Statements of Operating Income and Expense for the Audubon Institute is in Exhibit 10.

Capital Fund Drives

The Audubon Zoo Development Fund was established in 1973. Corporate/industrial support of the zoo has been very strong—many corporations have underwritten construction of zoo displays and facilities. A partial list of major corporate sponsors is in Exhibit 11. A sponsorship was considered to be for the life of the exhibit. The development department operated on a 12 percent overhead rate,

EXHIBIT 10

The Audubon Institute, Inc. The Audubon Park and Zoological Garden Statement of Operating Income and Expenses

	1989	1990 (Zoo)	1990 (Aquarium)
Operating Income			
Admissions	$2,952,000	$3,587,000	$3,664,000
Food and Gift Operations	2,706,000	3,495,500	711,000
Membership	1,476,000	1,932,000	2,318,000
Recreational Programs	410,000	396,000	0
Visitor Services	246,000	218,000	0
Other	410,000	32,000	650,000
TOTAL INCOME	$8,200,000	$9,660,500	$7,343,000
Operating Expenses			
Maintenance	$1,394,000	$1,444,000	$1,316,000
Educational/Curatorial	2,296,000	2,527,500	2,783,000
Food and Gift Operations	1,804,000	2,375,000	483,000
Membership	574,000	840,000	631,000
Recreational	328,000	358,000	362,000
Marketing	410,000	633,000	593,000
Visitor Services	574,000	373,000	125,000
Administration	820,000	1,110,000	1,050,000
TOTAL EXPENSES	$8,200,000	$9,660,500	$7,343,000

Source: The Audubon Institute.

EXHIBIT 11
Major Corporate Sponsors

Amoco Foundation	Louisiana Coca-Cola Bottling Company, Ltd.
American Express	Louisiana Land and Exploration Company
Anheuser-Busch, Inc.	Martin Marietta Manned Space Systems
Arthur Andersen and Company	McDonald's Operators of New Orleans
J. Aron Charitable Foundation, Inc.	Mobil Foundation, Inc.
Bell South Corporation	National Endowment for the Arts
BP America	National Science Foundation
Chevron USA, Inc.	Ozone Spring Water
Conoco, Inc.	Pan American Life Insurance Company
Consolidated Natural Gas Corporation	Philip Morris Companies Inc.
Entergy Corporation	Shell Companies Foundation, Inc.
Exxon Company, USA	Tenneco, Inc.
Freeport-McMoRan, Inc.	Texaco USA
Host International, Inc.	USF&G Corporation
Kentwood Spring Water	Wendy's of New Orleans, Inc.

Source: The Audubon Institute.

6.0

which meant 88 cents of every dollar raised went toward the projects. By 1989, the master plan for development was 75 percent complete. The fund-raising goal for the zoo in 1989 was $1,500,000.

Management

The Zoo Director

Ron Forman, Audubon Zoo director, was called a "zoomaster extraordinaire" and was described by the press as a "cross between Doctor Doolittle and the Wizard of Oz," as a "practical visionary," and as "serious, but with a sense of humor."[11] A native New Orleanian . . . Forman quit an MBA program to join the city government as an administrative assistant and found himself doing a business analysis project on the Audubon Park. Once the city was committed to a new zoo, Forman was placed on board as an assistant to the zoo director, John Moore. In early 1977, Moore gave up the battle between the "animal people" and the "people people,"[12] and Forman took over as park and zoo director.

Forman was said to bring an MBA-meets-menagerie style to the zoo, which was responsible for transforming it from a public burden into an almost completely self-sustaining operation. The result not only benefited the citizens of the city but also added a major tourist attraction to the economically troubled city of the 1980s.

Staffing

The zoo used two classes of employees, civil service, through the Audubon Park Commission, and noncivil service. The civil service employees included the curators and zookeepers. They fell under the jurisdiction of the city civil service system but were paid out of the budget of the Friends of the Zoo. Employees who worked in public relations, advertising, concessions, fund-raising, and so on were hired through the Friends of the Zoo and were not part of the civil service system. See Exhibit 12 for further data on staffing patterns.

EXHIBIT 12
Employee Structure

Year	Number of Paid Employees	Number of Volunteers
1972	36	
1973	49	
1974	69	
1975	90	
1976	143	
1977	193	
1978	184	
1979	189	
1980	198	
1981	245	
1982	305	
1983	302	56
1984	419	120
1985	454	126
1986	426	250
1987	431	300
1988	462	310
1989	300	270
1990	450	350

Source: The Audubon Institute.

The Zoo in the Late 1980s

A visitor to the new Audubon Park Zoo could quickly see why New Orleanians were so proud of their zoo. In a city that was termed among the dirtiest in the nation, the zoo was virtually spotless. This was a result of adequate staffing and the clear pride of both those who worked at and those who visited the zoo. One of the first points made by volunteers guiding school groups was that anyone seeing a piece of trash on the ground must pick it up.[13] A 1986 city poll showed that 93 percent of the citizens surveyed gave the zoo a high approval rating—an extremely high rating for any public facility.

6.0

Kudos came from groups outside the local area as well. Delegates from the American Association of Zoological Parks and Aquariums ranked the Audubon Park Zoo as one of the three top zoos of its size in America. In 1982, the American Association of Nurserymen gave the zoo a Special Judges Award for its use of plant materials. In 1985, the Audubon Park Zoo received the Phoenix Award from the Society of American Travel Writers for its achievements in conservation, preservation, and beautification.

By 1987, the zoo was virtually self-sufficient. The small amount of money received from government grants amounted to less than 10 percent of the budget. The master plan for the development of the zoo was 75 percent complete, and the reptile exhibit was scheduled for completion in the fall. The organization had expanded with a full complement of professionals and managers. (See Exhibit 13 for the organizational structure of the zoo.)

While the zoo made great progress in fifteen years, all was not quiet on the political front. In a court battle, the city won over the state on the issue of who wielded ultimate authority over Audubon Park and Zoo. Indeed, the zoo benefited from three friendly mayors in a row, starting with Moon Landrieu, who championed the new zoo, to Ernest "Dutch" Morial, to Sidney Barthelemy who threw his support to both the zoo and the aquarium proposal championed by Ron Forman.

The Future

New Directions for the Zoo

Zoo Director Ron Forman demonstrated that zoos have almost unlimited potential. A 1980 New Orleans magazine article cited some of Forman's ideas, ranging from a safari train to a breeding center for rare animals. The latter has an added attraction as a potential money-maker since an Asiatic lion cub, for example, sells for around $10,000. This wealth of ideas was important because expanded facilities and programs are required to maintain attendance at any public attraction. The most ambitious of Forman's ideas was for an aquarium and riverfront park to be located at the foot of Canal Street.

Although the zoo enjoyed political support in 1992, New Orleans was still suffering from a high unemployment rate and a generally depressed economy resulting from the slump in the oil industry. Some economists predicted the beginning of a gradual turnaround in 1988, but any significant improvement in the economy was still forecasted to be years away in 1993. (A few facts about New Orleans are given in Exhibit 14.) In addition, the zoo operated in a city where many attractions competed for the leisure dollar of citizens and visitors. The Audubon Zoological Garden had to vie with the French Quarter, Dixieland jazz, the Superdome, and even the greatest of all attractions in the city—Mardi Gras.

The New Orleans Aquarium

In 1986, Forman and a group of supporters proposed the development of an aquarium and riverfront park to the New Orleans City Council. In November 1986, the electorate voted to fund an aquarium and a riverfront park by a 70 percent margin—one of the largest margins the city has ever given to any tax proposal. Forman[14] hailed this vote of confidence from the citizens as a mandate to build a world-class aquarium that would produce new jobs, stimulate the local economy, and create an educational resource for the children of the city.

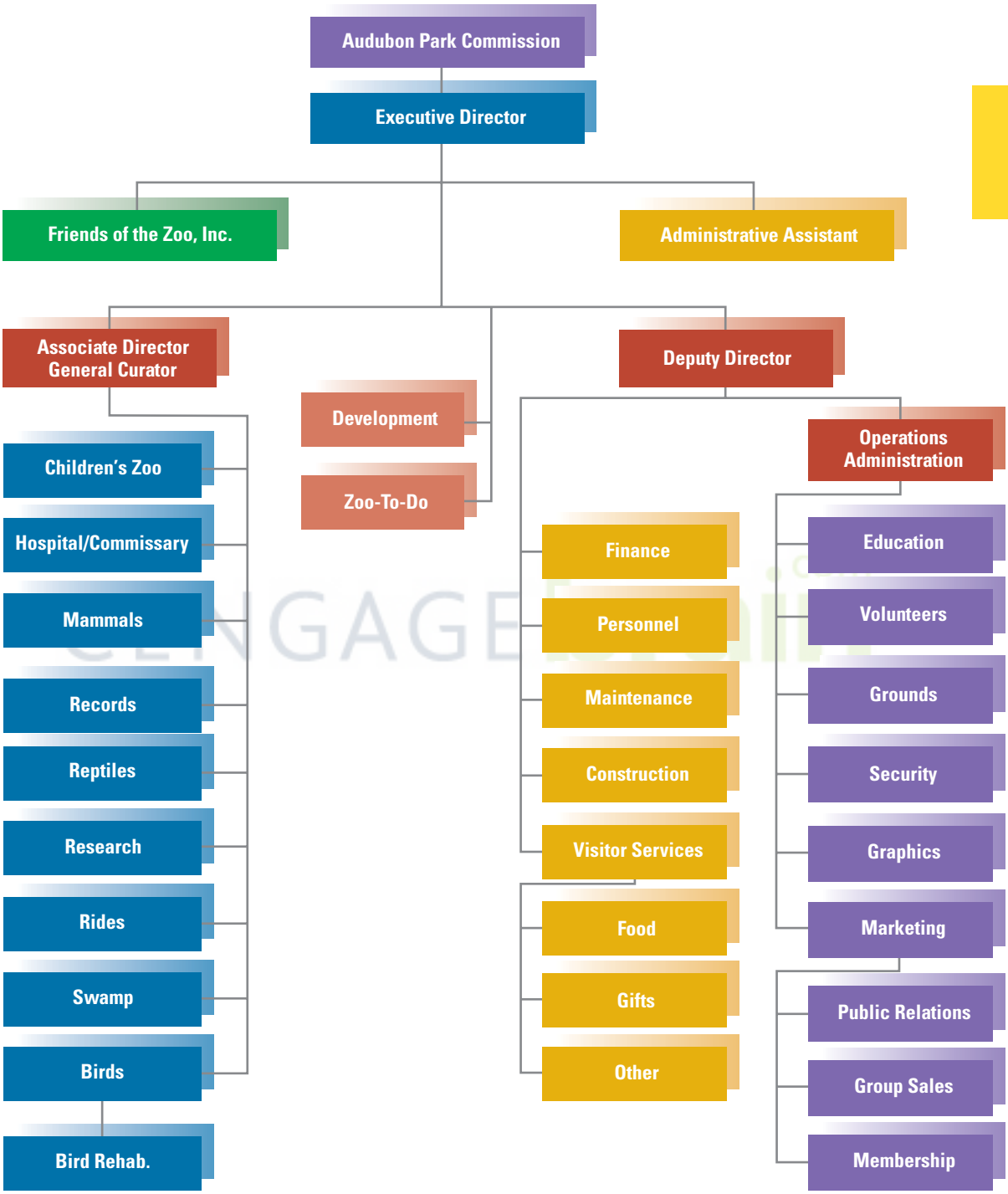
The Aquarium of the Americas opened in September 1990. The $40 million aquarium project was located providing a logical pedestrian link for visitors between [major] attractions of the Riverwalk and the Jax Brewery, a shopping center in the French Quarter. Management of the aquarium was placed under the Audubon Institute, the same organization that ran the Audubon Zoo. A feasibility study prepared by Harrison Price Company[15] projected a probable 863,000 visitors by the year 1990, with 75 percent of the visitors coming from outside the metropolitan area. That attendance figure was reached in only four months and six days from the grand opening. Attendance remained strong through 1992, after a slight drop from the initial grand opening figures.

Meanwhile, the zoo had its own future to plan. The new physical facilities and professional care paid off handsomely in increased attendance and new animal births. But the zoo could not expand at its existing location because of lack of land within the city. Forman and the zoo considered several alternatives. One was little "neighborhood" zoos to be located all over the city. A second was a special survival center, a separate breeding area to be located outside the city boundaries where land was available.

Forman presented plans for a project called Riverfront 2000, which included expansion of the aquarium, the Woldenberg Riverfront Park, a species survival center, an arboretum, an insectarium, a natural history museum, and a further expansion of the zoo. With the zoo running smoothly, the staff seemed to need new challenges to tackle, and the zoo needed new facilities or programs to continue to increase attendance.

EXHIBIT 13

Audubon Park Commission



6.0

EXHIBIT 14

A Few Facts About the New Orleans MSA

6.0

Population	1,324,400
Households	489,900
Median Age	30.8 years
Median Household EBI	$29,130
Average Temperature	70 degrees
Average Annual Rainfall	63 inches
Average Elevation	5 feet below sea level
Area	363.5 square miles
	199.4 square miles of land

Major Economic Activities

Tourism (5 million visitors per year)
Oil and Gas Industry
The Port of New Orleans (170 million tons of cargo/year)

Taxes

State Sales Tax	4.0%
Parish (County) Sales Tax	5.0% (Orleans)
State Income Tax	2.1%–2.6% on first $20,000
	3.0%–3.5% on next $30,000
	6.0% on $51,000 and over

Parish property tax of 126.15 mills (Orleans) is based on 10% of appraised value over $75,000 homestead exemption.

Source: Sales and Marketing Management. South Central Bell Yellow Pages, 1991.

Notes

1. Millie Ball, "The New Zoo of '82," *Dixie Magazine, Sunday Times Picayune* (June 24, 1979).
2. Merikaye Presley, "Neighbors Objecting to Audubon Zoo Expansion Project in Midst of Work," *Times Picayune* (March 30, 1975), A3.
3. "Zoo Expansion Is Ruled Illegal," *Times Picayune* (January 20, 1976).
4. Ibid.
5. "Society Seeks Change at Zoo," *Times Picayune* (April 29, 1972), D25.
6. "Zoo Thrives Despite Tough Times in New Orleans," *Jefferson Business* (August 1985), A1.
7. Ibid.
8. Sharon Donovan, "New Orleans Affiliates Monkey Around for Zoo," *Advertising Age* (March 17, 1986).
9. Karen Sausmann, ed., *Zoological Park and Aquarium Fundamentals* (Wheeling, W. Va.: American Association of Zoological Parks and Aquariums, 1982), 111.
10. Diane Luope, "Riverboat Rides to Zoo Are Planned," *Times Picayne* (November 30, 1981), A17.
11. Steve Brooks, "Don't Say 'No Can Do' to Audubon Zoo Chief," *Jefferson Business* (May 5, 1986), 1.
12. Ross Yuchey, "No Longer Is Heard a Discouraging Word at the Audubon Zoo," *New Orleans (*August 1980), 53.
13. Ibid., 49.
14. "At the Zoo" (Winter 1987).
15. "Feasibility Analysis and Conceptual Planning for a Major Aquarium Attraction," prepared for the City of New Orleans (March 1985).

References

Ball, Millie. "The New Zoo of '82," *Dixie Magazine*, *Sunday Times Picayune* (June 24, 1978).

Beaulieu, Lovell. "It's All Happening at the Zoo," *Sunday Times Picayune* (January 28, 1978).

Brooks, Steve. "Don't Say 'No Can Do' to Audubon Zoo Chief," *Jefferson Business* (May 5, 1986).

Bureau of Governmental Research, City of New Orleans, "Audubon Park Zoo Study, Part I, Zoo Improvement Plan" (New Orleans, La.: Bureau of Governmental Research, August 1971).

Bureau of Governmental Research, City of New Orleans, "Audubon Park Zoo Study, Part II, An Operational Analysis," (New Orleans, La.: Bureau of Governmental Research, August 1971).

Donovan, S. "The Audubon Zoo: A Dream Come True," *New Orleans* (May 1986), 52–66.

"Feasibility Analysis and Conceptual Planning for a Major Aquarium Attraction," prepared for the City of New Orleans (March 1985).

Forman, R., J. Logsdon, and J. Wilds. "Audubon Park: An Urban Eden" (New Orleans, La.: The Friends of the Zoo, 1985).

Poole, Susan. *Frommer's 1983–84 Guide to New Orleans,* (New York: Simon & Schuster, 1983).

Sausmann, Karen, ed., *Zoological Park and Aquarium Fundamentals (*Wheeling, WVa.: American Association of Zoological Parks and Aquariums, 1982).

Yuchey, Ross "No Longer Is Heard a Discouraging Word at the Audubon Zoo," *New Orleans* (August 1980), 49–60.

Zuckerman, S., ed. *Great Zoos of the World* (Boulder, Co.: Westview Press, 1980).

6.0

Integrative Case 7.0

Moss Adams, LLP

7.0

In early January, 2001, Jeff Gutsch, senior manager at Moss Adams LLP, an accounting firm located in Santa Rosa, California, met with his team to discuss the progress of a new initiative for developing the firm's accounting practice to serve clients in the Northern California wine industry. At the meeting, Gutsch and his wine niche team reviewed the strategic plan for the coming year (Exhibit 1).

EXHIBIT 1
Moss Adams's Wine Niche Strategic Plan, 2001

Moss Adams LLP
Santa Rosa Office
Wine Industry Advisors
2001 Strategic Plan

Mission Statement
Our goal is to become the dominant accounting and business consulting firm serving the wine industry by providing superior, value-added services tailored to the needs of Northern California vineyards and wineries, as well as becoming experts in the industry.
- We expect to achieve this goal by December 31, 2004.

Five-Year Vision
We are recognized as the premier wine industry accounting and business consulting firm in Sonoma, Mendocino, and Napa counties. We are leaders in the Moss Adams firm-wide wine industry group, helping to establish Moss Adams as the dominant firm in the Washington and Oregon wine regions. We have trained and developed recognized industry experts in tax, accounting, and business consulting. Our staff is enthusiastic and devoted to the niche.

The Market
- A firmwide objective is to increase the average size of our business client. We expect to manage the wine niche with that objective in mind. However, during the first two to three years, we intend to pursue vineyards and wineries smaller than the firm's more mature niches would. When this niche is more mature we will increase our minimum prospect size. This strategy will help us gain experience, and build confidence in Moss Adams in the industry, as it is an industry that tends to seek firms that are well established in the Wine Industry.
- There are approximately 122 wineries in Sonoma County, 168 in Napa County and 25 in Mendocino County. Of these, approximately 55% have sales over $1 million, and up to one-third have sales in excess of $10 million. In addition to these, there are over 450 vineyards within the same three counties.
- The wine industry appears to be extremely provincial. That combined with the fact that most of our stronger competitors (see "Competition" on the next page) are in Napa County, we consider Sonoma County to be our primary geographic market. However, Mendocino County has a growing wine industry, and we certainly will not pass up opportunities in Napa and other nearby counties in 2001.

Our Strengths
The strengths Moss Adams has in competing in this industry are:
- We are large enough to provide the specific services demanded by this industry.
- Our firm's emphasis is on serving middle-market businesses, while the "Big 5" firms are continually increasing their minimum client size. The majority of the wine industry

EXHIBIT 1

Moss Adams's Wine Niche Strategic Plan, 2001 (continued)

is made up of middle-market companies. This "Big 5" trend increases our market each year.
- We do not try to be all things to all people. We focus our efforts in specialized industries/niches, with the goal of ultimately becoming dominant in those industries.
- We emphasize value-added services, which create more client satisfaction, loyalty, and name recognition.
- We have offices located throughout the West Coast wine regions.
- We have individuals within the firm with significant wine industry experience, including tax, accounting and consulting. We also have experts in closely related industries such as orchards, beverage, and food manufacturing.
- Within California, we have some high profile wine industry clients.
- The majority of our niche members have roots in Sonoma County, which is important to Sonoma County wineries and grape growers.
- Our group is committed to being successful in and ultimately dominating the industry in Sonoma, Napa, and Mendocino counties.

Challenges
- Our experience and credibility in the wine industry are low compared to other firms.
- There has been a perception in the Sonoma County area that we are not local to the area. As we continue to grow and become better known, this should be less of an issue.

If we can minimize our weaknesses by emphasizing our strengths, we will be successful in marketing to the wine industry, allowing us to achieve our ultimate goal of being dominant in the industry.

Competition

There are several CPA firms in Northern California that service vineyards and wineries. The "Big 5" firms are generally considered our biggest competitors in many of the industries we serve, and some have several winery clients. But as noted earlier, their focus seems to be on larger clients, which has decreased their ability to compete in this industry. Of the firms with significant wine industry practices, the following firms appear to be our most significant competitors:
- Motto Kryla & Fisher. This firm is a well-established wine industry leader, with the majority of their client base located in Napa County, although they have many Sonoma County clients. They are moving away from the traditional accounting and tax compliance services, concentrating their efforts on consulting and research projects. We can take advantage of this, along with the perception of many in the industry that they are becoming too much of an insider, and gain additional market share.
- Dal Pagetto & Company. This firm was a split off from Deloitte & Touche several years ago. They are located in Santa Rosa, and have several vineyard and winery clients. At this time, they are probably our biggest Sonoma County competitor. However, they may be too small to compete once our momentum builds.
- Other firms that have significant wine industry practices that we will compete against include G & J Seiberlich & Co., Brotemarkle Davis & Co., Zainer Reinhart & Clarke, Pisenti & Brinker, Deloitte & Touche, and PriceWaterhouseCoopers. The first two are wine industry specialists headquartered in Napa County, and although very competitive there, they each do not appear to have a large Sonoma County client base. The next two are general practice firms with several wine industry clients. However, each of these firms has struggled to hold themselves together in recent years, and they do not appear to have well coordinated wine industry practices. The last two firms listed above are "Big 5" firms that, as noted earlier, focus mostly on the largest wineries.

(continued)

EXHIBIT 1

Moss Adams's Wine Niche Strategic Plan, 2001 (continued)

7.0

Annual Marketing Plan

Our marketing strategy will build on the foundation we laid during the prior two years. We have established the following as our marketing plan:

- Increase and develop industry knowledge and expertise:
  1. Work with other Moss Adams offices, particularly Stockton, to gain knowledge and experience from their experienced staff. Additionally, work with Stockton to have Santa Rosa Wine Niche staff assigned to two of their winery audits.
  2. Continue to attend industry CPE, including the Vineyard Symposium, the Wine Industry Symposium, the California State Society of CPAs–sponsored wine industry conferences in Napa and San Luis Obispo, and selected Sonoma State University and UC Davis courses. We would like eight hours of wine industry specific CPE for each Senior Level and above committed member of the Wine Niche. Jeff will have final approval on who will attend which classes.
  3. Continue to build our relationship with Sonoma State University (SSU). Our Wine Niche has agreed to be the subject of an SSU case study on the development of a CPA firm wine industry practice. We feel this case study will help us gain additional insight into what it will take to be competitive, as well as give us increased exposure both at SSU and in the industry. We will also seek to become more involved in SSU's wine industry educational program by providing classroom guest speakers twice a year.
  4. Attract and hire staff with wine industry experience. We should strongly consider candidates who have attained a degree through the SSU Wine Business Program. We should also work to recruit staff within the office that have an interest in the industry.
- Continue to form alliances with industry experts both inside and outside the firm. We are building relationships with Ray Blatt of the Moss Adams Los Angeles office who has expertise in wine industry excise and property tax issues. Cheryl Mead of the Santa Rosa office has developed as a Cost Segregation specialist with significant winery experience.
- Develop and use relationships with industry referral sources:
  1. Bankers and attorneys that specialize in the wine industry. From these bankers and attorneys, we would like to see three new leads per year.
  2. Partner with other CPA firms in the industry. Smaller firms may need to enlist the services of a larger firm with a broader range of services, while the "Big 5" firms may want to use a smaller firm to assist with projects that are below their minimum billing size for the project type. We will obtain at least two projects per year using this approach.
  3. Leverage the relationships we have to obtain five referrals and introductions to other wine industry prospects per year.
  4. We will maintain a matrix of Sonoma, Mendocino, and Napa County wineries and vineyards, including addresses, controller or top financial officer, current CPA, and banking relationship. This matrix will be updated as new information becomes available. From this matrix, we will send at least one mailing per quarter.
- Increase our involvement in the following industry trade associations by attending regular meetings and getting to know association members. In one of the following associations, each committed niche member will seek to obtain an office or board position:
  1. Sonoma County Wineries Association
  2. Sonoma County Grape Growers Association

EXHIBIT 1

Moss Adams's Wine Niche Strategic Plan, 2001 (continued)

3. Sonoma State University Wine Business Program
4. Zinfandel Advocates and Producers
5. Women for Winesense
6. California Association of Winegrape Growers
7. Wine Institute

- Establish an environment within the niche that promotes and practices the PILLAR concept. Encourage staff in the niche to be creative and strive to be the best. Provide interesting projects and events for the niche to make participation more interesting.
- Use the existing services that Moss Adams offers to market the firm, which include:
  1. BOSS
  2. Business Valuations
  3. Cost Segregation
  4. SCORE!
  5. SALT
  6. Business Assurance Services
  7. Income Tax Compliance Services
- Make use of Firm Resources
  1. Use Moss Adams's Info Edge (document management system) to share and refer to industry related proposals and marketing materials.
     a. All Wine Niche Proposals will be entered into and updated in InfoEdge as completed.
     b. All Wine Niche Marketing letters will be entered into InfoEdge as created.
- Continue to have monthly wine industry niche meetings. We will review the progress on this plan at our March, April, and September niche meetings. Within our niche, we should focus our marketing efforts on Sonoma County, concentrating on smaller prospects that we can grow with, which will enable us to increase our prospect size over time. We would like to be in position to attract the largest wineries in the industry by 2004.
- Establish a Quarterly CFO/Controller roundtable group, with the Moss Adams Wine Industry Group working as facilitator. We will have the Group established and have our first meeting in the summer.
- Quarterly, at our niche meetings, monitor progress on the quantifiable goals in this strategic plan.

Summary

In 2001, one of our goals is to add a minimum of three winery clients to our client base. We feel this is a reasonable goal as long as we continue to implement our plan as written.

We believe we can make the wine industry niche a strong niche in the Santa Rosa office. The firm defines niche dominance as having a minimum of $500,000 in billings, a 20% market share, and having 40% of the services provided be in value-added service codes. We expect to become the dominant industry force in Sonoma, Mendocino, and Napa counties by 2004.

We are also willing to assist other offices within the firm to establish wine industry niches, eventually leading to a mature niche within the firm. We believe with the proper effort we can accomplish each of these goals.

7.0

The meeting took place just before the height of the busy tax and audit season. Gutsch, 39, had been concentrating on the firm's clients in its construction industry niche. He had not made as much headway developing new business with wine industry clients as he had hoped and opened the meeting by saying:

7.0

I think the issue we are all struggling with is how to break into a well-established mature niche. Do we discount fees? If so, is that our desired position in servicing the wine industry? Do we advertise? Seems like a big commitment for something that we can't be sure will produce results. Do we just get on every panel we can and shake as many hands as we can? I'm still trying to find the right formula.

Chris Pritchard, an accounting manager who had worked with Gutsch for 2 years to develop the wine niche, said:

Sorry, Jeff, but I've been too busy working in health care. Health care is taking off, so my time is limited on the wine side. There's something missing, sort of a spark in this niche. There's not as much of a hunger to close, to go out and actually close a deal, or at least go out and meet with somebody. I think that's what's lacking for our success right now. I think we have all of the tools we need. But we don't have an aggressive nature to go out and start shaking hands and asking for business. We're doing everything else except asking for the business. We don't follow up.

Neysa Sloan, a senior accountant, nodded in assent:

I personally do not see us making our objectives of gathering 20% of the market share in the regional wine industry over the next 3–5 years. Our marketing tactics are not up to the challenge. We need to seriously look at what we have done in the last year or two, what we are currently doing, and what we are proposing to do in regards to marketing. If we looked at this objectively, we would see that we have not gained much ground in the past using our current tactics—why would it work now? If you allowed more individuals to market and be involved, we might get somewhere.

Cheryl Mead, a senior manager whose specialty was conducting cost segregation (cost segregation is a process of breaking a large asset into its smaller components so that depreciation may be taken on an accelerated basis) studies, commented:

Growing wineries are looking for help. We need to focus on wineries that are expanding their facilities, and then grow with their growing businesses. Value-added services like cost segregation could represent as much as 40% of our wine industry practice. If we want to get in, we've got to do much more networking, marketing, and presentations. The challenge for us here in Santa Rosa is how to manage our resources. Career choices are changing; you can't be a generalist anymore. We need both people-related and technical skills, but those don't usually go hand-in-hand. We need someone who is famous in the field, a "who's who" in the wine accounting industry.

Claire Calderon, also a senior tax manager, said to the team:

This is a hard niche to break into, Jeff. It takes a long time to develop relationships in specific industries. It could take a couple of years. First you find forums to meet people, get to know people, get people to trust you and then you get an opportunity to work on a project and you do a good job. It takes a while. Our goal is to become a trusted advisor and that doesn't happen overnight.

Gutsch replied:

While consolidation is happening in the wine industry, many of the wineries we are targeting are still privately owned. When you're dealing with privately owned businesses it's much more personal than with public companies.

Calderon added:

That might explain part of it, Jeff, but the reality is that there are two other fledgling niches that are doing well and going like gangbusters. This niche is off to a slow start!

Barbara Korte, a senior accountant, reassured him:

Jeff, you have been very focused, very enthusiastic about this project. You've put a lot of time into it. As a leader, I think you are a real good manager.

At stake was the opportunity to generate significant incremental client fee revenues. More than 600 wine producers and vineyards (grape growers) were in business in the premium Northern California wine-growing region encompassing Napa, Sonoma, and Mendocino counties. According to the Summer 2000 issue of *Marketplace,* there were 168 wine producers and 228 vineyards in Napa; 122 wine producers and 196 vineyards in Sonoma; and 25 wine producers and 61 vineyards in Mendocino. Few of these operations were large, according to *Marketplace.* Napa and Sonoma each had 14 wine producers reporting over $10 million in sales, and Mendocino, only one.

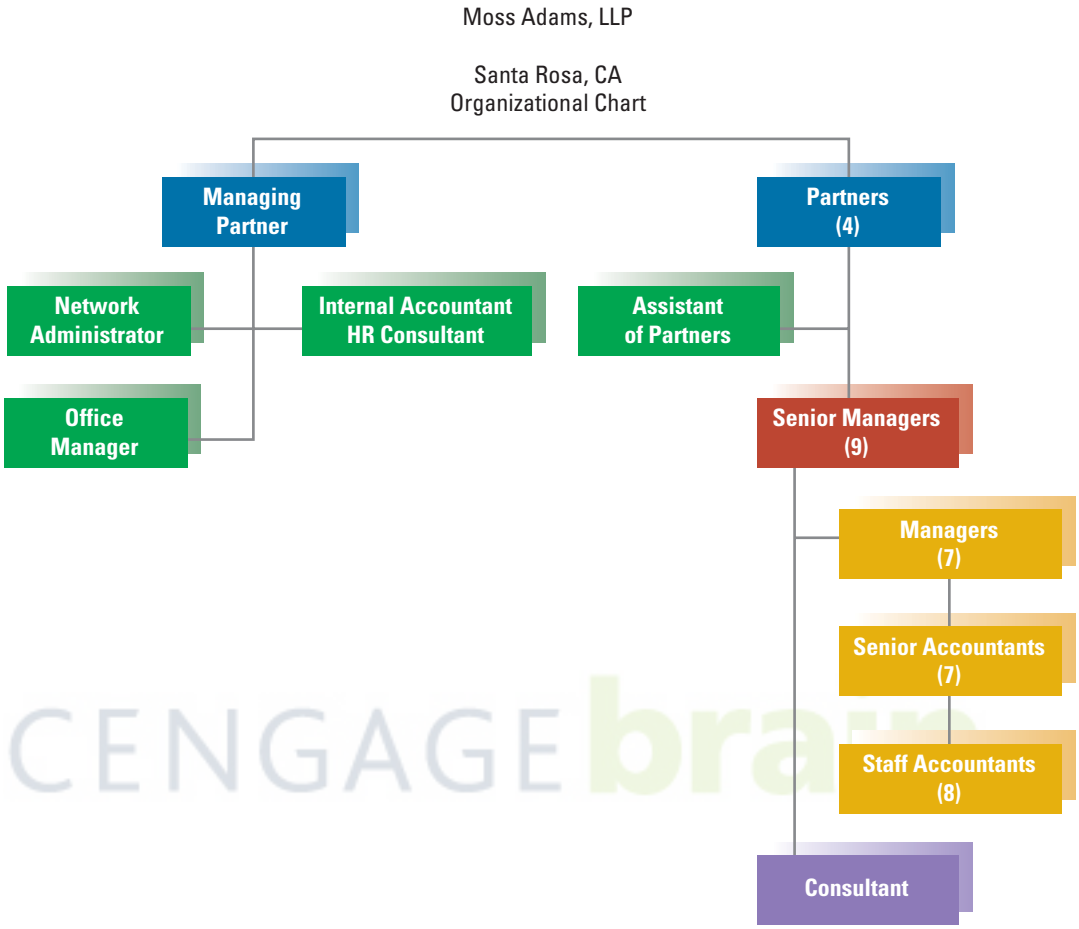
Company Background

Moss Adams was a regional accounting firm. It had four regional hubs within the firm: Southern California, Northern California, Washington, and Oregon. By late 2000, Moss Adams had become one of the 15 largest accounting firms in the United States, with 150 partners, 740 CPAs, and 1,200 employees. Founded in 1913 and headquartered in Seattle, the full-service firm specialized in middle-market companies, those with annual revenues of $10–$200 million.

Each office had a managing partner. Art King was the managing partner of the Santa Rosa office (Exhibit 2). The

EXHIBIT 2

Moss Adams's Organizational Chart



7.0

firm was considered mid-size and its client base tended to mirror that size. King reflected on Moss Adams's advantages of size and location:

. . . it is an advantage to be a regional firm with a strong local presence. For one thing, there just aren't that many regional firms, especially out here on the West Coast. In fact, I think we're the only true West Coast regional firm. That gives us access to a tremendous number of resources that the larger firms have. We have the added advantage of being a big part of Sonoma County. Sonoma County companies want the same kind of services they can get from the Big Five operating out of places like San Francisco, but they also like to deal with local firms that are active in the community. Our staff is active in Rotary, 20–30, the local chambers of commerce, and so on, and that means a lot to the businesspeople in the area. Sonoma County companies will go to San Francisco for professional services, but only if they have to, so we offer the best of both worlds.

Each office within the firm was differentiated. An office like Santa Rosa had the ability to be strong in more niches because it was one of the dominant firms in the area. Moss Adams did not have to directly compete with the Big Five accounting firms because they were not interested in providing services to small to mid-size businesses. Since it was a regional firm, Moss Adams was able to offer a depth of services that most local firms were not able to match. This gave Moss Adams a competitive advantage when selling services to the middle market company segment.

Moss Adams provided services in four main areas of expertise: business assurance (auditing), tax, international, and consulting. Auditing comprised approximately 35% to 40% of Moss Adams's practice, the remainder being divided among tax work in corporate, partnerships, trusts and estates, and individual taxation. In its Santa Rosa office, Moss Adams serviced corporate business and high-wealth individuals.

On the international side, Moss Adams was a member of Moores Rowland International, a worldwide association of accounting firms. Moss Adams primarily worked with local companies that did business overseas or that wanted to set up a foreign location. It also did a lot of work with local companies that had parent firms located overseas.

7.0

On the consulting side, Moss Adams had about 80 full-time consultants, and this line of business represented probably 15% to 20% of the total practice. A large part of the consulting work performed by Moss Adams was in mergers and acquisitions. Its M&A division helped middle-market companies, which formed the bulk of its clientele, develop a coherent, consistent strategy, whether they were planning on selling the business and needed to find an appropriate buyer or were looking for a good acquisition target.

The Big Six (Big Five in 2000) accounting firms had developed niche strategies in the 1980s, and Moss Adams had been one of the first mid-level accounting firms in the nation to identify niches as a strategy. Adopting a niche strategy had allowed Moss Adams to target a basket of services to a particular industry of regional importance. As each practice developed a niche, it also identified the "famous people" in that niche. These people became the "go-to" people, the leaders of that niche.

The high-technology sector represented one of the fastest-growing parts of Moss Adams's business. According to King:

It's big in the Seattle area (where Moss Adams has its headquarters), and with the development of Telecom Valley, it's certainly becoming big in Sonoma County. We're finding that a great deal of our work is coming from companies that are offshoots of other large high-tech companies in the area. Financial institutions represent another client group that's growing rapidly, as is health care. With all of the changes in the health care and medical fields, there's been a good deal of turmoil. We have a lot of expertise in the health care and medical areas, so that's a big market for us. Have I seen a drop-off? No, not really. The interesting thing about the accounting industry is that even when the economy slows down, there's still a lot of work for a CPA firm. There might not be as many large, special projects as when the economy is really rolling, but the work doesn't slow down.

The Industry and the Market

Accounting was a large and relatively stable service industry, according to *The Journal of Accountancy,* the industry's most widely read trade publication. The Big Five accounting firms (Andersen Worldwide, PriceWaterhouseCoopers, Ernst & Young, Deloitte & Touche, and KPMG) dominated the global market in 1998 with combined global revenue exceeding $58 billion, well over half of the industry's total revenue. All of the Big Five firms reported double-digit growth rates in 1998. However, some of the most spectacular growth was achieved by firms outside the top 10, some of which registered increases of nearly 60% over 1997 revenues. Ninety of the top 100 firms had revenue increases, and 58 of them achieved double-digit gains.

In 1999, accounting industry receipts in the United States exceeded $65 billion. The industry employed more than 632,000 people. However, the industry was expected to post more modest growth in revenues and employment in the 21st century. Finding niche markets, diversifying services, and catering to global markets were key growth strategies for companies in the industry. Large international firms, including the Big Five, had branched out into management consulting services in the late 1980s and early 1990s.

Accounting firms and certified public accountants (CPAs) nationwide began offering a wide array of services in addition to traditional accounting, auditing, and bookkeeping services. This trend was partially a response to clients' demand for "one-stop shopping" for all their professional services needs. Another cause was the relatively flat growth in demand for traditional accounting and auditing services over the past 10 years, as well as the desire of CPAs to develop more value-added services. The addition of management consulting, legal, and other professional services to the practice mix of large national accounting networks was transforming the industry.

Many firms began offering technology consulting because of growing client demand for Internet and e-commerce services. *Accounting Today*'s 1999 survey of CPA clients indicated that keeping up with technology was *the* strategic issue of greatest concern, followed by recruiting and retaining staff, competing with larger companies, planning for executive succession, and maximizing productivity.

However, according to *The CPA Journal,* the attractive consulting fees may have led many firms to ignore potential conflicts of interest in serving as an auditor and as a management consultant to the same client. The profession's standards could be jeopardized by the entrance of non-CPA partners and owners in influential accounting firms. Many companies facing these problems split their accounting and management consulting operations. In January 2001, Arthur Andersen spun off its consulting division and renamed it "Accenture" to avoid accusations of impropriety.

Still, CPA firms could be expected to continue to develop their capabilities and/or strategic alliances to meet clients' demands. Some other areas of expansion among accounting firms included administrative services, financial and investment planning services, general management services, government administration, human resources, international operations, information technology and computer systems consulting, litigation support, manufacturing ad-

ministration, marketing, and research and development. Many small and medium-size independent firms were merging or forming alliances with large service companies such as American Express, H&R Block, and Century Business Services.

By the late 1990s, a trend toward consolidation got under way in the accounting industry. Several factors were fueling the drive toward consolidation. Large increases in revenue among the top 100 accounting firms between 1997 and 1998 may have been partially attributable to this trend toward consolidation. Consolidators wanted access to the large volume of business currently being done by independent CPAs. The trust that small businesses and individuals had in their CPAs was considered very valuable, and consolidators wanted to leverage the potential of an individual firm's integrity to expand their own businesses. Consolidation caused a decline in the number of independent accounting firms that offered only tax and accounting services. The New York State Society of CPAs estimated that there was a strong possibility that up to 50 of the largest accounting firms in the United States would dissolve or merge with other entities by the end of the year 2000. In the San Franciso Bay area, for example, the Big Five dominated the industry (Exhibit 3).

The Wine Industry Niche

The wine industry practice was a new niche for the Santa Rosa office, as well as for Moss Adams in general. Moss Adams allowed any employee to propose a niche. All accounting firms bill at fairly standard rates, so the more business generated, the greater the profit. Moss Adams felt it was in their long-term best interest to allow employees to focus on areas in which they were interested. The firm would benefit from revenues generated, but, more importantly, employees would likely stay with a firm that allowed a degree of personal freedom and promoted professional growth.

Gutsch and Pritchard had begun this niche in mid-1998 for several reasons. First, both had an interest in the industry. Second, Sonoma and Napa counties had 200 wineries and numerous vineyard operations. Third, Moss Adams had expertise in related or similar business lines such as orchards, as well as significant related experience in providing services to the manufacturing sector. Finally, the wine industry had been historically serviced by either large firms that considered the typical winery a small client, or by smaller firms that were not able to offer the range of services that Moss Adams could provide.

Sara Rogers, a senior accountant and member of the wine niche team, recalled:

It first started with Jeff Gutsch and Chris Pritchard and another senior manager, who was in our office until November 1999. Anyway, I think it was their motivation that really started the group. The three of them were doing everything in building the niche. When the senior manager left, it sort of fell flat on its face for a little while. I think it got stagnant. Pretty much nobody said anything about it until last summer, when Jeff started the organization of it again and brought in more people, and then he approached people that he wanted to work with.

Gutsch felt that Moss Adams was in position to move forward to make the wine industry niche a strong niche both in the Santa Rosa office and, eventually, the firm as a whole. He was committed to that goal and expected to achieve it within 5 years. Gutsch saw this niche as his door to future partnership. Moss Adams's marketing strategy included the following:

7.0

1. Develop industry marketing materials that communicate Moss Adams's strengths and commitment.
2. Develop a distinctive logo for use in the industry.
3. Create an industry brochure similar to that of the firm's construction industry group.
4. Develop industry service information flyers such as the business lifecycle, R&E (Research & Exploration) credit, excise tax compliance, and BOSS (Business Ownership Succession Services).
5. Develop relationships with industry referral sources (e.g., bankers and attorneys that specialized in the wine industry or current clients who served or had contacts in the industry).
6. Join and become active in industry trade associations.
7. Use existing relationships with industry contacts to obtain leads into prospective wineries and vineyards.
8. Use the existing services that Moss Adams offered to market the firm, particularly in Cost Segregation.
9. Focus efforts on Sonoma County, as well as adjacent wine-growing regions, which would enable Moss Adams to increase its prospect size over time.

Pritchard reflected on those early days:

The first thing we did was to develop a database of regional wineries and send out an introduction letter. The other thing we did was to develop marketing materials. Jeff developed a logo. We used a top-down approach pyramid for an introduction letter, starting out general and then with an action step at the end to call us. So, we used that at first. Usually with that we'd get about 2% response, which is good, out of 300 letters or whatever we sent out.

However, according to King, the major issue in growing the wine industry practice was selling:

The thing about selling in public accounting is that you have to have a lot of confidence in what you do and what you can do for the client. You have to have confidence that you know something about the industry. If you go into a marketing meeting, or a proposal meeting and you're saying, "Well, we do a couple of wineries but we really want to do more and get better at it," you're not going to get the work. You gain confidence by knowing how to talk the lan-

EXHIBIT 3

Top 20 Accounting Firms in the San Francisco Bay Area, Ranked by Number of Bay Area CPAs, June 2000

Rank	1999 Rank	Company	No. Bay Area CPAs	No. Company CPAs	No. Bay Area Employees	1999 Billings Bay Area	No. Partners in Bay Area	No. Company Partners	FYE	US Rev ($
1	2	Deloitte & Touche LLP	439	8,380	1,437	NR	172	2,066	May 99	$5,3
2	1	PricewaterhouseCoopers LLP	430	430	2,000	NR	138	9,000	Sep. 99	6,9
3	3	KPMG Peat Marwick LLP	316	NR	1,778	NR	157	6,800	Jun. 99	4,1
4	4	Arthur Andersen**	312	6,161	821	NR	63	3,059	Aug. 99	3,3
5	5	Ernst & Young LLP	300	NR	850	NR	77	2,465	Sep. 99	6,1
6	6	BDO Seldman LLP	72	1,650	122	NR	15	360	Jun. 00	4
7	14	Seiler & Co. LLP	44	44	110	NR	12	12	NR	
8	7	Frank, Runerman & Co. LLP	43	51	76	NR	12	13	May 99	
9	9	Hood & Strong LLP	42	42	89	NR	12	12	NR	
10*	10	Harb, Levy & Weiland LLP	38	38	80	NR	13	13	NR	
10*	13	Ireland San Filippo LLP	38	38	81	12.7M	13	17	Apr. 00	
12	15	Burr, Pilger & Mayer	35	35	110	NR	10	10	NR	
13	11	Armanino McKenna LLP	34	34	87	NR	13	13	NR	
14	14	Novogradac & Co. LLP	31	36	80	NR	6	8	NR	
15	12	RINA Accountancy Corp.	26	29	59	7.3M	13	14	NR	
16*	16	Grant Thornton LLP	25	1,300	90	NR	10	300	Jul. 00	4
16*	18	Shea Labagh Dobberstein	25	25	35	NR	3	3	NR	
18	18	Moss Adams LLP	24	800	39	NR	7	144	Dec. 99	1
19	16	Lindquist, von Husen & Joyce	23	23	47	NR	5	5	NR	
20	21	Lautze & Lautze	21	28	39	NR	9	11	NR	

Sources: Viva Chan, *San Francisco Business Times,* 14 146, June 16, 2000, p. 28; Strafford Publications, *Public Accounting Reports,* vol. XXIV, June 2000.
NR = Not reported.
*Indicates tie in ranking.
**Excludes consulting.

guage, knowing the buzzwords, knowing some of the players in the industry. You go into a meeting, all of a sudden you're on an equal footing with them. From a confidence standpoint, that's huge. You can't sell public accounting services unless you're confident about you and your firm and the people that are going to do the work. Over the last 2 years, Jeff has gone to the classes, gone to the meetings and his confidence level is much higher than it was a year ago. When he goes into these meetings he's going to be at a level where he doesn't have to make excuses for not having a lot of winery clients, because we have a lot of activity in the wine and the beverage processing industries. So, I think that's going to help a lot. That's where he's going to have more success because we're getting the at bats, we just need to get some hits.

One of the roles of the managing partner was to mentor potential partners and help them attain the role of partner. The training process included marketing and helping them build a practice, according to King:

When we're talking with senior managers, I explain to them what they need to do to get to that next level. I had this conversation with Jeff because his primary focus when he came was, "I need to build a big practice, nothing else matters." He trusts the system now. He's transferred some clients to others and received some clients. You have to work well with people, you have to train people, you have to have some responsibilities, and you have to get along with your peers.

The firm's philosophy was to encourage people to really enjoy what they did. Anyone was allowed to propose a niche, *even* a senior manager. Pritchard explained:

Well, part of the way our firm works is, there is a "four-bucket" tier to make partner. One of the buckets is to become a famous person and the fastest way of doing that is through the niche base; within a niche you get the experience and the reputation faster than you would as a generalist. Jeff is a senior manager, so now he's trying to figure out a way to become partner. I work on Bonny Doon Winery. I have a grower client in Kenwood, so I do have some experience with that. I also like wine because I make wine. It's an untapped market in Sonoma County for our firm. So we both got together—I had the entrepreneurial spirit to start and Jeff had the need.

King described in detail the "four bucket" evaluation system at Moss Adams:

We have four criteria that get evaluated by the partners and the compensation committee on a scale of one to ten. All of these are weighted equally, 25%, with a possibility of 40 points. The first is financial. We take a look at the potential partner's financial responsibilities, what their billings are, what their fee adjustments are, what their charge hours are. I've transferred many clients to people in the office. That's one way I help others grow their practices. I'm still responsible for some of those clients, because I'm the one who brought them in and I'm still the primary contact. My billing numbers may be this, but my overall financial responsibility may be bigger. That's an objective measure because we look at the numbers, we look at the trends.

7.0

The second is responsibility. Managing partner of a big office gets more points than the managing partner of a smaller office does, who in turn gets more points than a person in charge of a niche, who in turn gets more points than a line partner. Somebody who is a partner and is responsible for the tax department, let's say, might get an extra point or half a point, whereas someone in charge of a niche might get an extra point. If they're in charge of an office they get more points.

The third is personnel. Personnel is a very big initiative within Moss Adams. Upstream and downstream evaluations are conducted by our HR person for each office and measures staff retention and the quality of our mentoring program. Each partner is also evaluated up or down from an overall office rating score. For example, our office may get a "seven," but I may get an "eight" because I'm really good with people. Somebody who's really hard on people would get a lower rating.

The fourth and final "bucket" is peer evaluation. We have three other partners evaluate each partner. They evaluate the partner for training, mentoring, marketing, and involvement in their community. Then, evaluations are used by the compensation committee to review individual partner compensation. They are also used for partner counseling sessions.

King also assured a "soft landing" to the participants of the niche teams. This meant that if a niche didn't work out, he would assure the individuals that another niche in the firm would be found for them. This, it was hoped, fostered entrepreneurial behavior. According to King:

A high level of practice responsibility for a partner would be $1 million in this office. The range is anywhere from $600,000 to $1 million in billings a year. The overall picture is where we try to get people involved in at least two niches in the office, until a niche becomes large enough that you can spend full-time in it. The upside, potentially, of the wine niche would be a practice of from $500,000 to $1,000,000 based on Sonoma and maybe some Napa County wineries. So, the upside is a very mature, profitable niche that fits right into our model of our other niches of middle market companies that have the need, not only for client services, but also our value-added services.

If for some reason the wine niche didn't take off, Jeff would become more involved in the manufacturing niche—well, wine is manufacturing anyway, but it's just a subset of manufacturing. It might slow his rate to partner. It could

also turn out that—all of a sudden—Jeff gets four great referrals in the manufacturing niche this year, he builds this great big practice in manufacturing, and as a result he has less time for the wine niche. The downside is we've spent some money on marketing, and Jeff has spent some time on marketing when he could have been doing something else. Then, we abandon the project. If that happens, then Jeff's time becomes available and the money becomes available to go after some other initiative or something we're already doing or some new initiative. Nobody is going to lose his or her job over it. We haven't lost a lot of money over it.

7.0

The Aftermath

After the January 2001 meeting. Gutsch pondered how he should proceed to overcome some major roadblocks to building his team. King took Gutsch aside for counseling:

. . . target the $10 million to under $20 million winery for which we can provide a full range of services. There's nobody else with our range of services that's really doing a good job in that area. There's an under-served market for those middle-market companies. When you started, I knew it would take 2 to 3 years to really get the ball rolling. This is really going to be your year, Jeff. If it isn't, well, we'll re-evaluate at the end of the year. Our overall marketing budget is probably in the area of 1.5% to 2% of total client billings. In 1999, the first year for the wineries, we probably spent somewhere in the neighborhood of $5,000 to $8,000, which wasn't a lot but you joined some organizations and you did some training. Last year we probably spent $10,000 to $12,000. Now, Jeff, I know that some of our other offices spend a lot more on marketing than we do. We'll have to decide: is this the best use of your time? Is this the best use of our resources to try to go after an industry where we just tried for three years and haven't made any inroads?

The decision to develop a niche had been based upon a gut feeling. Moss Adams did not use any litmus test or hurdle rate of return to screen possible niches. This was because, with the exception of nonprofits, most clients had similar fee realization rates. Moss Adams looked at the potential volume of business and determined whether it could handle that volume. Yet Moss Adams remained unknown in the wine industry. Time was running out.

This case study was prepared by Professors Armand Gilinsky, Jr. and Sherri Anderson at Sonoma State University as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. This case was originally presented at the 2001 meeting of the North American Case Research Association in Memphis, Tenn. The authors gratefully acknowledge the support of Moss Adams PLC and the Wine Business Program at Sonoma State University for assistance in preparation of this case.

Integrative Case 8.1

Littleton Manufacturing (A)*

Rule #1 for business organizations: People, not structure, make a business work or fail. Blindly following organizational concepts that have worked elsewhere is a sure way to waste talent and get poor results. Organizational change alone achieves nothing, while dedicated people can make any structure work. This doesn't mean that organizational changes shouldn't happen. But design any changes to get the most out of people in the company's unique circumstances. Top management should never dictate change as a cure-all to avoid facing fundamental problems.

Quotation from the Harvard Business Review
(title and author uncited) posted on the wall of
Bill Larson, Plant Manager of Littleton Manufacturing

On June 21, 1990, Paul Winslow, the director of human resources at Littleton Manufacturing, was told by his boss, Bill Larson, to put together a team of employees to address a number of issues that Larson thought were hurting Littleton's bottom line. Winslow's assignment had come about as a result of his making a presentation on those problems to Larson. Larson had then met with his executive staff, and he and Winslow had subsequently gone to the plant's Quality Steering Committee to discuss what to do. They decided to form a Human Resources Process Improvement Team (PIT) to prioritize the issues and propose a corrective course of action. Winslow, who had been at the plant for seventeen years, had been asked by Larson to chair the PIT.

The Quality Steering Committee decided that the PIT should include two representatives each from Sales and Marketing, Fabrication, and Components. Two managers from each of these areas were chosen, including Dan Gordon, the fabrication manufacturing manager, and Phil Hanson, the components manufacturing manager. There were no supervisors or hourly employees on the team.

At the first meeting, the PIT discussed the six widely recognized problem areas that Winslow had identified to Larson. Each member's assignment for the next meeting, on June 28, was to prioritize the issues and propose an action plan.

The Problems

A course in management and organizational studies carried out by students at a nearby college had started the chain of events that led to the formation of the Human Resources PIT. In late 1989, Winslow was approached by a faculty member at a local college who was interested in using Littleton as a site for a field-project course. Because of ongoing concerns about communication at the plant by all levels, Winslow asked that the students assess organizational communication at Littleton. Larson gave his approval, and in the spring of 1990 the students carried out the project, conducting individual and group interviews with employees at all levels of the plant.

Winslow and his staff combined the results of the students' assessment with the results of an in-house survey done several years earlier. The result was the identification of six problem areas that they thought were critical for the plant to address:

- Lack of organizational unity
- Lack of consistency in enforcing rules and procedures
- Supervisor's role poorly perceived
- Insufficient focus on Littleton's priorities
- Change is poorly managed
- Lack of a systematic approach to training

The Company

Littleton Manufacturing, located in rural Minnesota, was founded in 1925. In 1942, Littleton was bought by Brooks Industries, a major manufacturer of domestic appliances and their components. At that time, Littleton manufactured custom-made and precision-machined components from special metals for a variety of industries.

In 1983, through the purchase of a larger competitor, Frühling, Inc., Brooks was able to increase its domestic market share from 8 percent to about 25 percent. Brooks then decided to have only one facility produce the components that were used in most of the products it made in the United States. The site chosen was Littleton Manufacturing. To do this, Brooks added a whole new business (Components) to Littleton's traditional activity. To accommodate the new line, a building of 80,000 square feet was added to the old Littleton plant, bringing the total to 220,000 square feet of plant space. Because of the addition of this new business, Littleton went from 150 employees in 1984 to 600 in 1986. In mid-1990, there were about 500 employees.

*By David E. Whiteside, organizational development consultant. This case was written at Lewiston-Auburn College of the University of Southern Maine with the cooperation of management, solely for the purpose of stimulating student discussion. Data are based on field research; all events are real, although the names of organizations, locations, and individuals have been disguised. Faculty members in nonprofit institutions are encouraged to reproduce this case for distribution to their students without charge or written permission. All other rights reserved jointly to the author and the North American Case Research Association (NACRA). Copyright © 1994 by the *Case Research Journal* and David E. Whiteside.

8.1

The older part of the plant (the Fabrication side) manufactured its traditional custom-made products and sold them to a variety of industrial customers. It also supplied the newer side of the plant (the Components side) with a variety of parts that were further processed and used to make electrical components. These components were used by all other Brooks plants in the assembly of domestic appliances that were sold worldwide. About 95 percent of the products made on the Components side of the plant originated on the Fabrication side.

The plant was also headquarters for Brooks Industries' sales and marketing department, known as the "commercial group," which had worldwide sales responsibilities for products made by the Fabrication side. These included international and domestic sales of products to several industries, including the semiconductor, consumer electronics, and nuclear furnace industry. This group marketed products made not only by Littleton Manufacturing but also those made by Brooks's other fourteen plants, all located in the United States.

Bill Larson, the plant manager, reported to the executive vice president of manufacturing of Brooks, whose corporate office was in Chicago, Illinois. Larson met once a month with his boss and the other plant managers. Reporting directly to Larson were six functional line managers and the manager of the Quality Improvement System (QIS). This group of seven managers, known as the "staff," met weekly to plan and discuss how things were going. (See Exhibit 1 for an organizational chart.)

In December 1989, there were 343 hourly and 125 salaried employees at the plant. About 80 percent of the workforce was under 45. Seventy-seven percent were male, and 23 percent were female. Seventy-six percent had been at the plant 10 years or less. All of the hourly workers were represented by the Teamsters union.

The Financial Picture

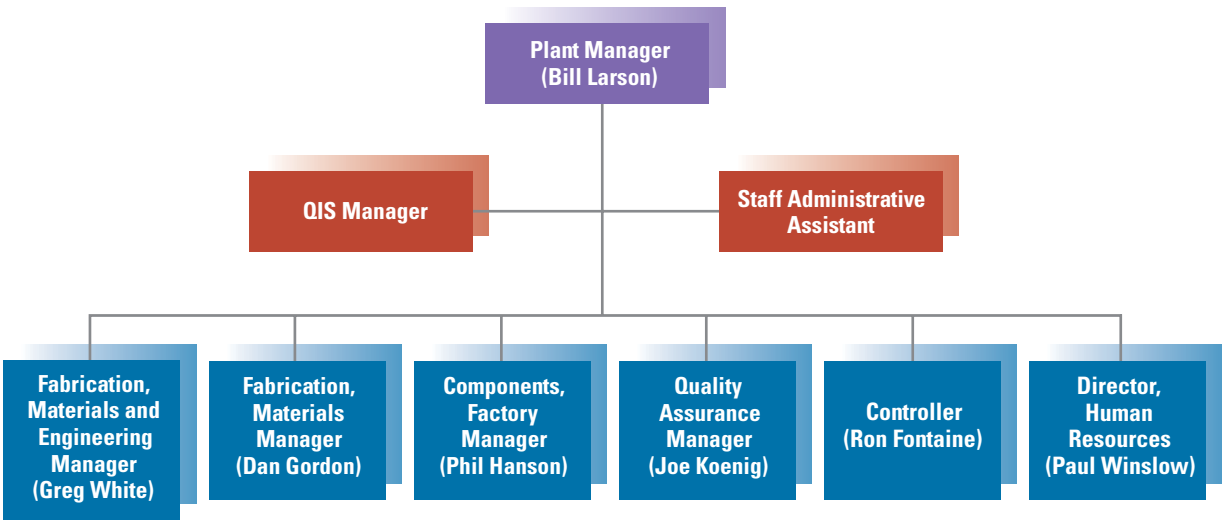
Brooks Industries

Brooks was the second largest producer of its kind of domestic appliances in the United States. Its three core business units were commercial/industrial, consumer, and original equipment manufacturing. The major U.S. competitors for its domestic appliances were Eagleton, Inc., and Universal Appliances, Inc. In the United States, Eagleton's market share was 47 percent; Brooks had about 23 percent; and Universal Appliances and a number of small companies had the remaining 30 percent. However, U.S. manufacturers were facing increasing competition, primarily based on lower prices, from companies in Asia and eastern Europe.

In 1989, Brooks's sales declined 4 percent, and in 1990, they declined another 5 percent, to $647 million. Their 1989 annual report contained the following statement about the company's financial condition: "There was fierce competition...which led to a decline in our share of a stable market and a fall in prices, resulting in a lower level of sales.... With sales volume showing slower growth, we failed to reduce our costs proportionately and there was underutilization of capacity." In May 1990, after announcing unexpected first-quarter losses, Brooks started a corporation-wide efficiency drive, including planned layoffs of 16 percent of its workforce, a corporate restructuring, and renewed emphasis on managerial accountability for bottom-line results.

Because of its worsening financial condition, for the past few years Brooks had been reducing the resources

EXHIBIT 1
Littleton Manufacturing Organizational Chart



available to Littleton. For example, Larson's budget for salaries had been increased by only 4 percent each year for the past several years. As a result, supervisors and middle managers complained strongly that recent salary increases had been too little and that plant salaries were too low. They also felt that the forced-ranking performance appraisal system used by the plant, which was based on a bell curve, did not reward good performance adequately. One middle manager commented: "All we get now for good performance is a card and a turkey." In April 1990, the company cut Littleton's capital budget by half and stipulated that any new project involving nonessential items had to have a one-year payback.

In addition, in both 1988 and 1989 Brooks had charged the Littleton plant around $300,000 for various services provided, such as technical support, but in 1990 this charge was increased by $1 million. Many of the Littleton plant managers felt that this was done to help offset Brooks's deteriorating financial condition and were frustrated by it. Indicating that he thought Brooks was using Littleton as a cash cow, one staff member said, "The more profitable we get, the more corporate will charge us."

Many managers, especially those on the Fabrication side, felt that even though they had made money for the plant, corporate's increase in charges nullified their success and hard work. A number of managers on the Fabrication side also feared that if their operation did not do well financially, the company might close it down.

In discussing the increasing lack of resources available from corporate and the plant's own decline in profits, Larson said: "There needs to be a change in the way people here think about resources. They have to think more in terms of efficiency." He was proud of the fact that the company had achieved its goal of reducing standard costs by 1 percent for each of the past three years and that in 1990 cost reductions would equal 5 percent of production value. He thought that if the company reduced the number of reworks, costs could be lowered by another 20 to 30 percent.

Littleton Manufacturing

The Fabrication and the Components operations at Littleton Manufacturing were managed as cost centers by Brooks while the commercial group was a profit center. (A *profit center* is a part of an organization that is responsible for accumulating revenues as well as costs. A *cost center* is an organizational division or unit of activity in which accounts are maintained containing direct costs for which the center's head is responsible.) In 1989 and 1990, the Fabrication side of Littleton had done well in terms of budgeted costs, while the Components side had incurred significant losses for both years.

Littleton's net worth increased from $319,000 in 1989 to $3,094,000 in 1990 due to the addition of a new Fabrication-side product that was sold on the external market and had required no additional assets or resources. In 1990, sales for the plant as a whole were $41,196,000, with an operating profit of 3.7 percent, down from 7.3 percent in 1989. Larson estimated that the current recession, which was hurting the company, would lower sales in 1991 by 10 percent. Exhibit 2 presents an operating statement for Littleton Manufacturing from 1988 to 1990.

8.1

The Quality Improvement System

In 1985, corporate mandated a total quality management effort, the Quality Improvement System (QIS), which replaced the quality circles that the plant had instituted in 1980. Posted throughout the plant was a Quality Declaration, which had been developed by Larson and his staff. It read:

We at Littleton Manufacturing are dedicated to achieving lasting quality. This means that each of us must understand and meet the requirements of our customers and coworkers. We all must continually strive for improvement and error-free work in all we do—in every job . . . on time . . . all the time.

Bill Larson was enthusiastic about QIS. He saw QIS as a total quality approach affecting not just products but all of the plant's processes, one that would require a long-term effort at changing the culture at the plant. He felt that QIS was already reaping benefits in terms of significant improvements in quality, and that the system had also greatly helped communication at the plant.

In the QIS all employees were required to participate in Departmental Quality Teams (DQTs) that met in groups of six to twelve every two weeks for at least an hour to identify ways to improve quality. Most hourly employees were on only one DQT; middle managers were, on average, on three DQTs. Some managers were on as many as six. The results of each team's efforts were exhibited in graphs and charts by their work area and updated monthly. There were about sixty teams in the plant.

The leader from each Departmental Quality Team, a volunteer, served also as a member of a Quality Improvement Team (QIT), whose goals were to support the DQTs and help them link their goals to the company's goals. QITs consisted of six to eight people; each was chaired by a member of the executive staff. These staff members, along with Bill Larson, composed the Quality Steering Committee (QSC) for the plant. The QSC's job was to oversee the direction and implementation of the Quality Improvement System for the plant and to coordinate with corporate's quality improvement programs. The QSC also sometimes formed corrective action teams to work on special projects. Unlike DQTs, which were composed of employees from a single department or work area, corrective action teams had members from different functions or departments. By 1986, there were nine corrective action teams, but by 1989, none were functioning. When asked

8.1

EXHIBIT 2

Littleton Manufacturing Operating Profit Statement

	1988	1989	1990
Fabrication			
Sales	$16,929	$18,321	$19,640
Direct costs	11,551	11,642	11,701
Contribution margin	5,378	6,679	7,939
% of sales	31.8%	36.5%	40.4%
All other operating costs	4,501	4,377	4,443
Operating profit	877	2,301	3,496
% to sales	5.2%	12.6%	17.8%
Components			
Sales	$20,468	$15,590	$21,556
Direct costs	16,049	10,612	18,916
Contribution margin	4,419	4,978	2,640
% of sales	21.6%	31.9%	12.2%
All other operating costs	4,824	4,797	4,628
Operating profit	(405)	180	(1,988)
% to sales	−2.0%	1.2%	–9.2%
Total Littleton Manufacturing			
Sales	$37,397	$33,911	$41,196
Direct costs	27,599	22,254	30,617
Contribution margin	9,798	11,657	10,579
% to sales	26.2%	34.4%	25.7%
All other operating costs	9,326	9,175	9,071
Operating profit	472	2,482	1,508
% to sales	1.3%	7.3%	3.7%

Note: Changes in Operating Profit from year to year are posted to retained earnings (net worth) account on the corporate balance sheet. It must be noted, however, that the balance sheet figures include the impact of headquarters, national organization changes, and extraordinary income from other operations, which are not reflected on the operating profit statement shown above.
Source: Controller, Littleton Manufacturing.

about them, Winslow said, "I'm not sure what happened to them. They just sort of died out."

Larson and most managers believed that the QIS had improved quality. On most of its Fabrication products, the company competed on the basis of quality and customer service, and the vice president of sales and marketing thought that their quality was the best in the industry. In 1988 and 1989, the plant won several Brooks awards for quality and was publicly cited by a number of customers for quality products.

Hourly employees in general also thought that QIS had improved quality, although they were less enthusiastic about the system than management. A number of hourly employees complained that since participation was mandatory, many groups were held back by unmotivated members. They thought participation should be voluntary. Another complaint was that there was inadequate training for group leaders, with the result that some groups were not productive.

In the spring of 1990, the company decided that the QIS effort was "stagnating" and that DQTs should be changed to include members from different departments. It was thought that this would improve communication and coordination between departments and lead to further improvements in quality, productivity, and on-time delivery. DQTs became known is IDQTs (Interdepartmental Quality Teams). IDQTs were scheduled to begin in November 1990. In addition, the company decided to begin Process Improvement Teams (PITs), which would focus on various ongoing processes at the plant, such as budgeting and inventory management. A PIT, composed of managers from different functions, would not be ongoing but only last as long as it took to achieve its particular goals.

How Different Levels Perceived the Problems

In order to choose the issues to tackle first and to devise a tentative plan for addressing them, Winslow reflected on the background information he had on the six problem areas that he and his staff had identified on the basis of their own analysis and the students' assessment of organizational communication.

A Lack of Organizational Unity

People often talked about "this side of the wall and that side of the wall" in describing the plant. They were referring to the wall separating the newer Components side and the older Fabrication side of the plant. (Some parts of the Fabrication side had been built in the twenties.) The Components side was brighter, cleaner, and more open, and, in summer, it was cooler. In comparing the two sides, one manager said, "At the end of the shift in Fabrication, you come out looking like you've been through the wringer." On the whole, the equipment in the Components side was also newer, with most of it dating from the 1970s and 1980s and some of it state-of-the-art machinery that was developed at the plant. Much of the equipment on the Fabrication side went back to the 1950s and 1960s. These differences in age meant that, in general, the machinery on the Fabrication side required more maintenance.

It was generally agreed that Components jobs were cleaner and easier, and allowed more social interaction. On the Fabrication side many of the machines could run only two to three hours before needing attention, whereas on the Components side the machines might run for days without worker intervention. On the Fabrication side, because of the placement of the machines and the need for frequent maintenance, people tended to work more by themselves and to "be on the go all the time." It was not uncommon for senior hourly employees in Fabrication to request a transfer to Components.

Hourly workers described Components as "a country club" compared to the Fabrication side. Many attributed this to how the different sides were managed. Enforcement of rules was more lax on the Components side. For example, rules requiring safety shoes and goggles were not as strictly enforced, and some operators were allowed to eat on the job.

One Human Resources staff member described Components supervisors as "laid-back about sticking to the rules" and those in Fabrication as "sergeants." He saw the manufacturing manager of Fabrication, Dan Gordon, as having a clear vision of what he wanted for the Fabrication side and a definite plan on how to get there. He also saw Gordon as keeping a tight rein on his supervisors and holding them accountable. The same Human Resources employee described the factory manager of Components, Phil Hanson, as dealing with things as they came up—as more reactive. Hanson allowed his supervisors more freedom and did not get involved on the floor unless there was a problem. When there was a problem, however, he reacted strongly and swiftly. For example, to combat a recent tendency for employees to take extended breaks, he had begun posting supervisors outside of the bathrooms right before and after scheduled breaks.

8.1

Bill Larson attributed the differences in the two sides "to the different performance and accountability needs dictated by their business activities and by the corporate office." Components met the internal production needs of Brooks by supplying all of the other Brooks plants with a product that they, in turn, used to manufacture a household product that sold in the millions each year. Fabrication, however, had to satisfy the needs of a variety of industrial customers while competing on the open market. Larson felt that Fabrication had to have a more entrepreneurial ethic than Components because "Fabrication lives or dies by how they treat their customers—they have to woo them and interact well with them," whereas Components had a ready-made market.

Larson also thought that some of the differences were due to the fact that the plant was "held prisoner by what goes on in corporate." Although the corporate office set financial targets for both sides of the plant, it exercised more control over the financial and productivity goals of the Components side because no other Brooks plant was in the Fabrication business and Brooks understood the Components business much better. In addition, corporate was dependent on the Components side for the standardized parts—primarily wire coils—used in many of its finished products. The Components side produced as many as 2 million of some of these small parts a day.

Larson also indicated that the requirements for the number of workers on the two sides of the plant were different. For example, depending on what business was like for each side, the overtime requirements could vary. Hourly employees on the side of the plant that had more overtime felt the side that was working less was getting "easier" treatment. Larson knew that the overtime disparity was due to need, not preferential treatment of one side over the other, but as he put it: "You can talk your head off, but you're not going to be able to explain it to them to their satisfaction. So that causes a lot of frustration among the ranks down there."

The Manager of QIS traced the differences between the Fabrication side and the Components side to the consolidation at Littleton of all of Brooks's production of wire coils needed for its domestic appliances after Brooks bought Frühling, Inc., in 1984. Most of the upper managers hired to start the Components business were brought in from Frühling, and, as he put it, "They had a different way of doing things. It wasn't a tightly run ship." He said that some of the old managers at the plant wondered about the wisdom of bringing in managers from a company that

had not been successful. People asked, "Why use them here? They must have been part of what was wrong." One Fabrication manager added that the manager brought in to start the Components business, Bob Halperin, had the view: "We're going to start a new business here and do whatever is necessary to make it run and to hell with Littleton Manufacturing policies." Also, when the new Components business was started, its manager reported directly to the Brooks corporate office and not to the plant manager. In 1986 the structure was changed so that the factory manager of Components reported to the Littleton Manufacturing plant manager.

8.1

A union steward at the plant attributed some of the differences between the two sides to the fact that the workforce on the Components side tended to be younger and had more women with young children (67 percent of the hourly women in the plant worked in Components). The demands of raising children, he thought, resulted in the women needing to take more time off from work. One of the Fabrication supervisors thought that since the supervisors on the Components side were younger, they expected more from management and were more outspoken, especially about how much an hour they should be paid. A number of these supervisors had also been brought in from Frühling, and were not originally from Littleton.

Lack of Consistency in Enforcing Rules and Procedures

A major complaint of both hourly and salaried workers was the inconsistent application of policies and procedures. Although most people mentioned the differences from one side of the plant to the other, there were also differences from one department to another. As the chief union steward put it, "This is the number-one problem here—nobody is the same!" Some Components supervisors were letting people take longer breaks and going for breaks earlier than they were supposed to. Some supervisors allowed hourly employees to stand around and talk for a while before getting them to start their machines. In some departments on the Components side, employees were allowed to gather in the bathrooms and "hang out" anywhere from five to twenty minutes before quitting time. The chief steward cited an example where, contrary to previous policy, some workers on the Components side were allowed to have radios. "When people on the Fabrication side found out," he said, "they went wild."

Some other examples of inconsistencies cited by employees were as follows:

1. Fighting in the plant was supposed to result in automatic dismissal, but the Human Resources administrator recalled two incidents of fighting where the people involved were not disciplined.
2. Another incident that had been much discussed throughout the plant involved an employee who was "caught in a cloud of marijuana smoke" by his supervisor. Since the supervisor did not observe the man smoking but just smelled the marijuana, the person was only given a written warning. One manager said, "We need to take a stand on these things. We need to make a statement. That way we would gain some respect." Describing the same incident, another manager said, "It makes us close to thinking we're giving them (hourly employees) the key to the door."
3. Several people also mentioned the case of a mother who claimed she missed work several times because of doctors' appointments for her children and was suspended for three days, which they compared with the case of an operator who also missed work several times, and was suspected of drug or alcohol abuse, but was not disciplined.

In discussing differences in the enforcement of safety regulations throughout the plant, the administrator of plant safety and security said that when he confronted people who were wearing sneakers, often they would just say they forgot to wear their safety shoes. He said, "If I had to punish everyone, I'd be punishing 50 to 100 people a day."

There were also differences in absenteeism for the two sides of the plant. Absenteeism on the Components side was around 2.2 percent, whereas it was slightly less than 1 percent on the Fabrication side. Some attributed this to a looser enforcement of the rules governing absenteeism by supervisors on the Components side.

Winslow had tried to estimate the annual cost of failure to enforce the rules governing starting and stopping work. His estimate was that the plant was losing $2,247.50 per day, for a total of $539,400 a year. Winslow's memo detailing how he arrived at his overall estimate had been part of his presentation to Larson; it is included as Exhibit 3. Although Winslow had not said so in the memo, he later estimated that 70 percent of the total loss occurred on the Components side of the plant.

Supervisors complained that when they tried to discipline subordinates, they often did not feel confident of backing by management. They referred to incidents where they had disciplined hourly employees only to have their decisions changed by management or the Human Resources department. One supervisor told of an incident in which he tried to fire someone in accordance with what he thought was company policy, but the termination was changed to a suspension. He was told he had been too harsh. In a subsequent incident he had another decision overruled and was told he had been too lenient. He said, "We feel our hands are tied; we're not sure what we can do." Supervisors' decisions that were changed were usually communicated directly to the union by the Human Resources department. In these instances, the supervisors felt they wound up with "egg on their faces."

EXHIBIT 3

Memo from Paul Winslow to Bill Larson

MEMORANDUM

From: Paul Winslow, Director of Human Resources
To: Bill Larson
Subject: Estimated Cost of Loss of Manufacturing Time
Date: 6/18/90

Loss of Manufacturing Time*
(Based on 348 Hourly Employees)

Delay at start of shift	10 minutes × 25% (87)	=	14.50 hours
Washup before AM break	5 minutes × 75% (261)	=	21.75 hours
Delayed return from break	10 minutes × 50% (174)	=	29.00 hours
Early washup—lunch	avg. 10 minutes × 50% (174)	=	29.00 hours
Delayed return from lunch	10 minutes × 25% (87)	=	14.50 hours
Early washup before PM break	5 minutes × 75% (261)	=	21.75 hours
Delayed return from break	10 minutes × 50% (174)	=	29.00 hours
Early washup—end of shift	5 minutes × 75% (261)	=	65.25 hours
	Total	=	224.75 hours/day

Cost: 224.75 × avg. $10 hr. = $2,247.50/day
240 days × $2,247.50 = $539,400.00/year

*1. Does not include benefits.
2. Does not include overtime abuses.
3. Does not include instances of employees exiting building while punched in.

8.1

Winslow attributed some of these problems to a lack of communication regarding the company's policies and procedures. He thought that if the supervisors understood company policy better, their decisions would not need to be changed so frequently. There was no Human Resources policy manual, for example, although the work rules were contained in the union contract.

Dan Gordon disagreed with the view that these problems were a result of the supervisors' lack of understanding of the plant's policies and procedures. He claimed: "Ninety-nine percent of the supervisors know the policies but they lack the skills and willingness to enforce them. Just like a police officer needs to be trained to read a prisoner his rights, the supervisors need to be taught to do their jobs." He thought that in some of the cases where a supervisor's decision was changed, the supervisor had made a mistake in following the proper disciplinary procedure. Then, when the supervisor's decision was overturned, no explanation was provided, so the supervisor would be left with his or her own erroneous view of what happened.

The Human Resources administrator thought that some of the supervisors were reluctant to discipline or confront people because "They're afraid to hurt people's feelings and want to stay on their good side."

Supervisor's Role Is Poorly Perceived

On the first shift in Fabrication there were about 70 hourly workers and 7 supervisors, and in Components there were about 140 hourly workers and 11 supervisors. Supervisors were assisted by group leaders, hourly employees who were appointed by the company and who received up to an extra 10 cents an hour.

All levels of the plant were concerned about the role of supervisors. "Supervisors feel like a nobody," said one senior manager. In the assessment of organizational communication done by the students, hourly employees, middle managers, and supervisors all reported that supervisors had too much to do and that this limited their effectiveness. A typical observation by one hourly employee was: "The supervisors can't be out on the floor because of meetings and paperwork. They have a tremendous amount of things on their mind.... The supervisor has become a paperboy, which prevents him from being able to do his job." In speaking about how busy the supervisors were and how they responded to suggestions by hourly employees, an-

other hourly person said, "The supervisor's favorite word is, 'I forgot.'"

Supervisors also wanted more involvement in decision making. "You will! You will! You will!" is the way one supervisor characterized the dominant decision-making style of managers at the plant. He thought that most managers expected supervisors to just do what they were told to do. "We have a lot of responsibility but little authority," was how another supervisor put it. Many supervisors felt that they were ordered to do things by their managers, but when something went wrong, they were blamed.

8.1

Another factor contributing to the low morale of supervisors was a perceived lack of the resources that they felt were necessary to do a good job. Many complained that they were often told there was no money to make changes to improve things. They also complained of too few engineering, housekeeping, and maintenance personnel. Some supervisors thought there were too few supervisors on the second and third shifts. They thought this resulted in inadequate supervision and allowed some hourly workers to goof off, since the employees knew when these few supervisors would and would not be around.

The combination of these factors—job overload, too much paperwork, lack of authority, not enough involvement in decision making, lack of resources to make changes, inadequate training, and few rewards—made it difficult to find hourly people at the plant who would accept an offer to become a supervisor.

In discussing the role of supervisors, Larson said, "We don't do a good job of training our supervisors. We tell them what we want and hold them accountable, but we don't give them the personal tools for them to do what we want them to do. They need to have the confidence and ability to deal with people and to hold them accountable without feeling badly." He continued by praising one supervisor who he thought was doing a good job. In particular, Larson felt, this supervisor's subordinates knew what to expect from him. This person had been a chief petty officer in the Navy for many years, and Larson thought this had helped him feel comfortable enforcing rules. Reflecting on this, he said, "Maybe we should just look for people with military backgrounds to be supervisors."

Insufficient Focus on Littleton's Priorities

The phrase "insufficient focus on Littleton's priorities" reflected two concerns expressed by employees. First, there was a lack of understanding of Littleton's goals. Second, there was a questioning of the plant's commitment to these goals. However, various levels saw these matters differently.

Although the plant had no mission statement, senior managers said that they thought that they understood Littleton's priorities. A typical senior management description of the plant's goals was, "To supply customers with quality products on time at the lowest possible cost in order to make a profit."

Each year, Larson and the executive staff developed a four-year strategic plan for Littleton. Sales and marketing would first project the amounts and types of products that they thought they could sell. Then manufacturing would look at the machine and labor capabilities of the plant. The sales projections and capabilities were then adjusted as necessary. Throughout the process, goals were set for improving quality and lowering costs. Larson then took the plan to Brooks for revision and/or approval. Next, Larson turned the goals in the strategic plan into specific objectives for each department. These departmental objectives were used to set measurable objectives for each executive staff member. These then formed the basis for annual performance appraisals. Because of this process, all of the executive staff felt that they knew what was expected of them and how their jobs contributed to achieving the company's goals.

At the same time, both senior and middle managers thought there was insufficient communication and support from corporate headquarters. They mentioned not knowing enough about corporate's long-term plans for the company. A number of the managers on the Fabrication side wondered about corporate's commitment to the Fabrication business. They thought that if their operation did not do well financially, the company might end it. In discussing the status of the Fabrication side of the plant, Gordon said that Brooks considered it a "noncore business." The Quality Assurance manager felt that corporate was not providing enough support and long-term direction for the QIS. Winslow was concerned about the lack of consistency in corporate's Human Resources policies and felt that he did not have enough say in corporate Human Resources planning efforts.

All levels below the executive staff complained that they did not have a good understanding of Littleton's own long-range goals. Some middle managers thought there was a written, long-range plan for the company but others disagreed. One member of the executive staff reported that as far as he knew, the entire strategic plan was seen only by the executive staff, although some managers would see the portions of it that concerned their departments. He also reported that the strategic plan was never discussed at operations review meetings. Most hourly employees said that they relied on the grapevine for information about "the big picture." In discussing the flow of information at the plant, one union steward said, "Things get lost in the chain of command." He said he got more than 80 percent of his information from gossip on the floor.

The primary mechanism used to communicate Littleton's goals and the plant's status with regard to achieving them was the operations review meeting held once a month by the plant manager, to which all salaried employees were ostensibly invited. At these meetings, usually attended by

about eighty people, the plant manager provided figures on how closely the plant had hit selected business indicators. At one recent and typical meeting, for example, the Manager of QIS described various in-place efforts to improve quality. Bill Larson then reviewed the numbers. He presented data on budgeted versus actual production, variances between budgeted and actual manufacturing costs, profits, the top ten products in sales, standard margins on various products, shipments of products, information on backlogs, and the top ten customers.[1] When he asked for questions at the end of his presentation, there were none.

The students' organizational assessment reported that all levels appreciated the intent of the operations review meetings, but there were a number of concerns. Everyone interviewed wanted more two-way communication but thought the size and format of the meetings inhibited discussion. Middle managers thought the meetings focused too much on what had happened and not enough on the future. As one manager said: "It's like seeing Lubbock in the rearview mirror. We want to know where we're going—not where we've been. We want to know what's coming up, how it's going to affect our department, and what we can do to help." Others, including some of the executive staff, complained about the difficulty of understanding the financial jargon. Some hourly employees interviewed did not know there were operations review meetings, and others did not know what was discussed at them.

A number of middle managers in manufacturing thought that having regular departmental meetings would improve communication within their departments. They also said that they would like to see minutes of the executive staff meetings.

When interviewed by the students for their assessment of organizational communication, a number of middle managers, supervisors, and hourly workers thought the company was not practicing what it preached with regard to its stated goals. A primary goal was supposed to be a quality product; however, they reported that there was too much emphasis on "hitting the numbers," or getting the required number of products shipped, even if there were defects. They said this especially occurred toward the end of the month when production reports were submitted. One worker's comment reflected opinions held by many hourly employees: "Some foremen are telling people to push through products that are not of good quality. This passes the problem from one department to another and the end result is a lousy product. They seem too interested in reaching the quota and getting the order out on time rather than quality. It's a big problem because when the hourly workers believe that quality isn't important, they start not to care about their work. They pass it on to the next guy, and the next guy gets mad."

The perception by a number of hourly workers that their suggestions to improve quality were not responded to because of a lack of money also resulted in their questioning the company's commitment to quality.

Change Is Poorly Managed

Most of the employees interviewed by the students thought there were too many changes at the plant and that the numerous changes resulted in confusion.

1. QIS was initiated in 1985.
2. In 1986, 100 hourly employees were laid off.
3. In 1984, there were 154 managers; in 1990, there were 87 managers.
4. In 1989, corporate initiated a restructuring that changed the reporting relationships of several senior managers.
5. In 1989, as part of QIS, the plant began using statistical process control techniques and began efforts to attain ISO certification. (ISO is an internationally recognized certification of excellence.)
6. In 1989, a new production and inventory control system was introduced, with the help of a team of outside consultants who were at the plant for almost a year studying its operations.
7. In 1990, the Components side reorganized its production flow.

8.1

A number of complaints were voiced about the effect of all the changes. People felt that some roles and responsibilities were not clear. There was a widespread belief that the reasons for changes were not communicated well enough and that people found out about changes affecting them too late. In addition, many were uncertain how long a new program, once started, would be continued. Larson thought that many hourly employees were resistant to the changes being made because they thought the changes would require more work for them and they were already "running all the time." One union steward observed, "There's never a gradual easing in of things here." A middle manager said: "We're mandated for speed. We pride ourselves on going fast. We rush through today to get to tomorrow."

Larson thought the culture of the plant was gradually changing due to the implementation of QIS, but he noted that a lot of time had to be spent giving the employees reasons for changes.

Dan Gordon thought the plant needed to "communicate change in a single voice." He said that Larson's style was to leave it to the staff to tell others about upcoming changes. He commented, "By the time it gets to the last person, it's lost something." He felt that Larson needed to communicate changes to those on lower levels in person.

The QIS manager thought that Brooks did not provide enough resources and support for changes at the plant. In explaining his view of corporate's approach to change, he said, "Step one is to not give much. Step two is to not give anything. Step three is they take what's left away." Another middle manager commented, "We're always being asked to do more with less, but the requirements by corporate don't get cut back."

8.1

A frequently mentioned example of change that was frustrating to many people was the introduction of the Manufacturing Assisted Production and Inventory Control System (MAPICS) in 1989. MAPICS was a computerized system that was supposed to keep track of materials, productivity, and labor efficiency. Theoretically, it tracked orders from time of entry to payment of the bill, and one could find out where an order was at any point in the system by calling it up on a computer. However, the system was time-consuming (data had to be entered manually by the supervisors), and was not as well suited to the Fabrication side of the plant as it was to the Components side, where production was more standardized. One senior manager commented, "MAPICS was sold as the savior for the supervisors, and the company was supposed to get all of the data it needed. But it's never happened. It's only half-installed, and there are systems problems and input problems." Recently, there had been some question as to whether MAPICS was giving an accurate inventory count.

Hourly workers felt put upon by the way in which changes were made. One person said, "We were all of a sudden told to start monitoring waste and then all of a sudden we were told to stop." Another said, "One day the MAPICS room is over here, and then the next day it's over there. They also put a new system in the stockroom, and we didn't know about it." Many resented the outside consultants that had been brought in by corporate, reporting that they did not know why the consultants were brought in or what they were doing. They feared that the consultants' recommendations might result in layoffs.

Hourly people felt that a lot of their information about upcoming changes came through the grapevine. "Rumors fly like crazy" is the way one hourly person described communication on the floor. Another said, "The managers don't walk through the plant much. We only see them when things are going bad."

In discussing communication about changes, one middle manager said: "It's a standing joke. The hourly know what's going to happen before we do." One steward said, "Lots of times, you'll tell the supervisors something that's going to happen and they will be surprised. It raises hell with morale and creates unstable working conditions. But nine out of ten times it's true."

Hourly workers also felt that they were not involved enough in management decisions about changes to be made. One hourly worker said, "They don't ask our input. We could tell them if something is not going to work. They should keep us informed. We're not idiots."

Lack of a Systematic Approach to Training

The company had carried out a well-regarded training effort when employees were hired to begin the Components side of the plant and when the QIS program was started. In addition, every two years each employee went through refresher training for the QIS. There was no other formal company training or career development at the plant.

Hourly employees and supervisors in particular complained about the lack of training. One hourly employee expressed the predominant view: "When you start work here, it's sink or swim." In discussing the promotion of supervisors, the chief union steward said he did not know how people got to be supervisors and that as far as he knew there was no training that one had to have to become a supervisor.

When they were hired, new hourly and salaried employees attended an orientation session in which they were informed about benefits, attendance policies, their work schedule, parking regulations, and safety issues. After the orientation session, further training for new salaried employees was left up to individual departments. Standard practice was for the department supervisor to assign the hourly person to an experienced hourly operator for one-on-one job training for two weeks. Winslow expressed some of his reservations about this approach by commenting, "You don't know if the department is assigning the best person to train the new employee or if they always use the same person for training."

The Human Resources department had no separate training budget. Individual departments, however, did sometimes use their money for training and counted the money used as a variance from their budgeted goals. The training that did occur with some regularity tended to be technical training for maintenance personnel.

When asked to explain why there was not more training, Winslow replied, "We would like to do more but we haven't been able to because of the cost and staffing issues." For example, in 1986 Winslow's title was manager of training and development, and he had been responsible for the training program for all of the new employees hired to begin the Components unit. After the initial training was completed, he requested that the plant provide ongoing training for Components operators. However, his request was turned down by Larson, who did not want to spend the money. Winslow also recalled the over 160 hours he had spent the previous year developing a video training package for hourly workers in one part of the Components side of the plant. He said that the program had been piloted, but when it came time to send people through the training course, production management was unwilling to let people take time off the floor.

Winslow also cited a lack of support from corporate as a factor in the plant's sporadic training efforts. At one time Brooks had employed a director of training for its plants, but in 1987, the person left and the company never hired anyone to replace him. Now, Brooks had no training department; each plant was expected to provide its own training. The training Brooks did provide, according to Winslow, was for the "promising manager" and was purchased from an outside vendor.

Top Management

As he sat in his office thinking about what to do, Winslow knew that any plan would have to be acceptable to Larson, Gordon, and Hanson—the plant manager and the two factory managers—and he spent some time thinking about their management styles.

Bill Larson was in his late forties, had a B.S. in mechanical engineering, and had started at Littleton in 1970. He had been plant manager since 1983. His direct reports considered him bright, analytical, and down to earth. When asked once how he would describe himself to someone who didn't know him, he said, "I keep my emotions out of things. I can remember when I was in the Army, standing at attention in my dress blues at the Tomb of the Unknown Soldier. People would come up a foot from my face and look me in the eye and try to get me to blink. But I was able to remove myself from that. I wouldn't even see it." He added that he had built most of his own home and repaired his own equipment, including the diesels on a cabin cruiser he used to own. Being raised on a farm in the rural Midwest, he said he learned at an early age how to repair equipment with baling wire to keep it going.

Although Larson was considered accessible by the executive staff, he rarely got out on the floor to talk to people. Many managers saw him as a "numbers" person who readily sprinkled his conversations about the plant with quantitative data about business indicators, variances, budgeted costs, etc. In referring to his discomfort discussing personal things, he somewhat jokingly said about himself, "I can talk on the phone for about thirty-five seconds and then I can't talk any longer."

In describing his own management style, Larson said, "I like to support people and get them involved. I like to let them know what I am thinking and what they need to accomplish. I like to let ideas come from them. I want them to give me recommendations, and if I feel they're OK, I won't change them. They need to be accountable, but I don't want them to feel I'm looking over their shoulders. I don't want to hamper their motivation." He estimated that 40 percent of his job responsibility consisted of managing change.

Dan Gordon, who was 38, had been at Littleton for fifteen years and had been manufacturing manager of Fabrication for seven years. In describing himself, he said, "I'm a stickler for details, and I hate to not perform well. My superiors tell me I'm a Theory X manager and that I have a strong personality—that I can intimidate people."

In speaking about how much he communicated with hourly employees, Gordon said that he didn't do enough of it, adding that "Our platters are all so loaded, we don't spend as much time talking to people as we should." He said he seldom walked through the plant and never talked to hourly workers one-on-one. Once a year, though, he met formally with all the hourly employees on the Fabrication side to have an operations review meeting like the salaried people had in order to discuss what the plant was doing, profits, new products, etc. "The hourly people love it," he reported.

Reflecting on why he didn't communicate more with hourly workers, Gordon said, "Since the accounting department's data depends, in part, on our data collection, a lot of my time is eaten up with this. Maybe I'm too busy with clerical activities to be more visible." He based his management decisions on documented data and regularly studied the financial and productivity reports issued by the accounting department. He said he would like to see the supervisors go around in the morning to just talk to people but acknowledged that they had too many reports to fill out and too many meetings to attend.

8.1

When asked to explain what one needed to do to succeed as a manager at Littleton, Gordon answered, "You have to get things done. Bill Larson wants certain things done within a certain time span. If you do this, you'll succeed."

Phil Hanson, in his early fifties, had been at Littleton for seven years. He was hired as materials manager for Components and was promoted to Components factory manager in mid-1989. Phil estimated that he spent 50 percent of his time on the factory floor talking to people. He felt it gave him a better insight as to what was going on at the plant and created trust. He thought that too many of the managers at the plant were "office haunts"—they felt it was beneath them to talk with hourly workers. It appeared to other managers that Hanson often made decisions based on what he learned in informal conversations with hourly employees. He tried to delegate as much as he could to his managers. When asked what a manager had to do to succeed there, he said, "You have to be a self-starter and make things happen."

Winslow remembered how a few years ago, when he was manager of training and development, the executive staff had gone to one of those management development workshops where you find out about your management style. All of the staff had scored high on the authoritarian end of the scale.

This triggered a memory of a recent debate in which he had passed along a suggestion by his staff to the executive staff to "do something nice for the workers on the floor." To celebrate the arrival of summer, his staff wanted the company to pay for buying hamburgers, hot dogs, and soft drinks so the workers could have a cookout during their lunch break. Those on the executive staff who resisted the idea cited the "jellybean theory of management." As one manager explained it, "If you give a hungry bear jellybeans, you can keep it happy and get it to do what you want. But watch out when you run out of jellybeans! You're going to have a helluva angry bear to deal with!" The jelly bean argument carried the day, and the cookout was not held.

Recommendation Time

8.1

As Winslow turned on the computer to write down his recommendations concerning the six problem areas, he recalled how Larson had reacted when the students made their presentation on organizational communication at Littleton. After praising the students' efforts, Larson had said, in an offhanded way, "This mainly confirms what we already knew. Most of this is not a surprise." Winslow was hopeful that now some of these issues would be addressed.

One potential sticking point, he knew, was the need for the meetings that would be necessary to discuss the problems and plan a strategy. People were already strapped for time and complaining about the number of meetings. Yet unless they took time to step back and look at what they were doing, nothing would change.

On a more hopeful note, he recalled that Larson had been impressed when the Human Resources staff emphasized in their presentation to him that these issues were impacting Littleton's bottom line. Winslow felt that the decline in sales and profits at Brooks, the increasing domestic and foreign competition, the current recession, and declining employee morale made it even more important that the issues be dealt with. People at all levels of the plant were starting to worry about the possibility of more layoffs.

Note

1. At Littleton, the manufacturing, engineering, and accounting departments estimated the standard labor costs for making each of the plant's products and a budget was prepared based on those estimates. The budgeted costs were plant goals. A variance is the difference between actual and standard costs. A variance could be positive (less than) or negative (greater than) with respect to the budgeted costs.

Integrative Case 8.2

Littleton Manufacturing (B)*

8.2

Winslow met with his staff to develop a list of proposed corrective actions. Exhibit 1 is the memo that Winslow sent, in June 1990, to the Human Resources PIT, outlining suggested corrective actions. (The action steps were not prioritized.)

The PIT did not meet to discuss what to do about the six issues identified by the Human Resources department until the middle of September. The first issue the PIT decided to address was the inconsistent application of disciplinary policies and procedures. They chose this issue first because they thought that if this could be improved, many of the other issues would be resolved as well.

The PIT decided to first find out how well supervisors understood the work rules and the extent to which they had different interpretations of them. To do this they developed a quiz covering Littleton's twenty-eight work rules and gave the quiz to all supervisors. One question, for example, was "If you came in and found an employee who had just dozed off at his/her workstation, what would you do?" The supervisor then had to choose from several alternatives. This question was followed by, "If you came in and found an employee away from the job and asleep on top of some packing materials, what would you do?" Again, there was a choice of several responses. After taking the exam, the answers were discussed and the correct answer explained by Winslow and the Human Resources staff. The results revealed to the PIT that there was much less knowledge of these rules and how to apply them than management had expected.

The PIT then theorized that a number of supervisors were not comfortable with confronting employees about their failure to follow the company's policies and procedures, especially the wearing of safety shoes and goggles. They decided to seek the assistance of an outside consultant to help them develop a training program for the supervisors. However, on September 1, 1991, as a continuation of its "efficiency drive," Brooks had imposed a freeze on salaries and a reduction in travel, and prohibited the use of outside consultants at all of its plants. When Winslow asked Bill Larson for approval to hire the consultant, he was reminded that because of the freeze they would have to do the training in-house.

As a consequence, Winslow began a series of meetings with union stewards and supervisors—called "Sup and Stew" meetings—to discuss what the work rules were, different interpretations of them, and how violations of work rules should be handled. For scheduling reasons, it was planned so that half of the supervisors and the stewards would attend each meeting. These meetings were held biweekly for over a year. Winslow believed that the meetings were helping to clarify and support the role of the supervisors and were beginning to have a positive effect on the enforcement of policies and procedures.

In 1991, because the plants that bought the wire coils made by Components had excess finished goods inventory, Brooks shut them down for a month during the Christmas holidays, leading Littleton to eliminate 125 positions from the Components side for the same month, to reduce production. "If we hadn't," Winslow said, "we would have had a horrendous amount of inventory." The employees filling those positions had, in general, less seniority than their counterparts from Fabrication, and no one from the Fabrication side was laid off. A few of the more senior employees from the Components side were hired to work on the Fabrication side. At the time of the layoffs, business on the Fabrication side was booming. In January, the plant started rehiring the laid-off workers, and by the end of June, all of them had been rehired.

In November 1991, Bill Larson learned that he had cancer, and in June 1992, he died. Because of Larson's illness, the lack of resources, and time pressures, there was no formal attempt to address any of the issues identified by Winslow other than inconsistent enforcement of policies and procedures.

The new plant manager, Bob Halperin, took over in the fall of 1992; Halperin had been managing another Brooks plant in the south for three years. One of the reasons he was chosen was his familiarity with Littleton. He had been at Littleton as an industrial engineer from 1973 to 1980, when he left to manage another facility. In 1984 he was sent back to Littleton to start and manage Components. He held this position for four years before leaving to manage the plant in the southern United States.

Shortly after Halperin arrived, Winslow acquainted him with the problem areas defined the previous year, gave him a copy of the (A) case, and met with him to discuss the issues. At that time, although Winslow felt that progress had been made on having more consistent enforcement of policies and procedures from one side of the plant to the other, he did not feel much had changed with regard to the other issues. With the exception of the Sup and Stew meetings, none of the specific action steps recommended by him and his staff had been implemented.

*By David E. Whiteside, organizational development consultant. This case was written at Lewiston-Auburn College of the University of Southern Maine with the cooperation of management, solely for the purpose of stimulating student discussion. Data are based on field research; all events are real, although the names of organizations, locations, and individuals have been disguised. Faculty members in nonprofit institutions are encouraged to reproduce this case for distribution to their students without charge or written permission. All other rights reserved jointly to the author and the North American Case Research Association (NACRA). Copyright © 1994 by the *Case Research Journal* and David E. Whiteside.

8.2

EXHIBIT 1

Memorandum from Paul Winslow to Human Resources

MEMORANDUM

From: Paul Winslow, Director of Human Resources
To: Human Resources Process Improvement Team
Subject: Proposed Corrective Actions
Date: 6/14/90

Lack of Organizational Unity

1. Use job shadowing or rotation to help people understand each other's jobs, e.g., do this across functions.
2. Reformat the Operations Review meetings, e.g., have a program committee.
3. Have a smaller group forum, e.g., have supervisors from the two sides meet.
4. Provide teamwork training for salaried employees.

Lack of Consistency in Enforcing Rules and Procedures

1. Hold meetings with department managers and supervisors to discuss how to enforce policies and procedures. Have these led by Bill Larson.
2. Develop a policy and procedures review and monitoring system.

Supervisor's Role Poorly Perceived

1. Have department managers meet with supervisors to determine priorities or conflicts between priorities.
2. Have supervisory training for all manufacturing supervisors.
3. Time assessment. (How is their time being spent?)

Insufficient Focus on Littleton's Priorities

1. Use the in-house newsletter to communicate priorities.
2. Develop an internal news sheet.
3. Have a question box for questions to be answered at Operations Review meetings.
4. Have a restatement of Littleton's purpose (do at Operations Review).
5. Have an Operations Review for hourly workers.
6. Use payroll stuffers to communicate information about goals.
7. Hold department meetings; have the manager of the department facilitate the meeting.

Change Is Poorly Managed

1. Provide training in managing change.
2. Communicate changes.

Lack of a Systematic Approach to Training

1. Establish annual departmental training goals.
2. Link training goals to organizational priorities.
3. Have a systematic approach to training the hourly workforce.
4. Have a training plan for each salaried employee.
5. Have an annual training budget.

HR Dept.
6/90

Glossary

A

adaptability culture a culture characterized by strategic focus on the external environment through flexibility and change to meet customer needs.

administrative principles a closed systems management perspective that focuses on the total organization and grows from the insights of practitioners.

ambidextrous approach a characteristic of an organization that can behave in both an organic and a mechanistic way.

analyzability a dimension of technology in which work activities can be reduced to mechanical steps and participants can follow an objective, computational procedure to solve problems.

analyzer a business strategy that seeks to maintain a stable business while innovating on the periphery.

authority a force for achieving desired outcomes that is prescribed by the formal hierarchy and reporting relationships.

B

balanced scorecard a comprehensive management control system that balances traditional financial measures with operational measures relating to an organization's critical success factors.

benchmarking process whereby companies find out how others do something better than they do and then try to imitate or improve on it.

boundary spanning roles activities that link and coordinate an organization with key elements in the external environment.

bounded rationality perspective how decisions are made when time is limited, a large number of internal and external factors affect a decision, and the problem is ill-defined.

buffering roles activities that absorb uncertainty from the environment.

bureaucracy an organizational framework marked by rules and procedures, specialization and division of labor, hierarchy of authority, technically qualified personnel, separate position and incumbent, and written communications and records.

bureaucratic control the use of rules, policies, hierarchy of authority, written documentation, standardization, and other bureaucratic mechanisms to standardize behavior and assess performance.

bureaucratic culture a culture that has an internal focus and a consistency orientation for a stable environment.

bureaucratic organization a perspective that emphasizes management on an impersonal, rational basis through such elements as clearly defined authority and responsibility, formal recordkeeping, and uniform application of standard rules.

business intelligence high-tech analysis of large amounts of internal and external data to identify patterns and relationships.

C

Carnegie model organizational decision making involving many managers and a final choice based on a coalition among those managers.

centrality a trait of a department whose role is in the primary activity of an organization.

centralization refers to the level of hierarchy with authority to make decisions.

centralized decision making is limited to higher authority.

change process the way in which changes occur in an organization.

chaos theory a scientific theory that suggests that relationships in complex, adaptive systems are made up of numerous interconnections that create unintended effects and render the environment unpredictable.

charismatic authority based in devotion to the exemplary character or heroism of an individual and the order defined by him or her.

chief ethics officer high-level company executive who oversees all aspects of ethics, including establishing and broadly communicating ethical standards, setting

up ethics training programs, supervising the investigation of ethical problems, and advising managers in the ethical aspects of corporate decisions.

clan control the use of social characteristics, such as corporate culture, shared values, commitments, traditions, and beliefs, to control behavior.

clan culture a culture that focuses primarily on the involvement and participation of the organization's members and on rapidly changing expectations from the external environment.

closed system a system that is autonomous, enclosed, and not dependent on its environment.

coalition an alliance among several managers who agree through bargaining about organizational goals and problem priorities.

code of ethics A formal statement of the company's values concerning ethics and social responsibility.

coercive forces external pressures such as legal requirements exerted on an organization to adopt structures, techniques, or behaviors similar to other organizations.

collaborative network an emerging perspective whereby organizations allow themselves to become dependent on other organizations to increase value and productivity for all.

collective bargaining the negotiation of an agreement between management and workers.

collectivity stage the life cycle phase in which an organization has strong leadership and begins to develop clear goals and direction.

competing values approach a perspective on organizational effectiveness that combines diverse indicators of performance that represent competing management values.

competition rivalry between groups in the pursuit of a common prize.

confrontation a situation in which parties in conflict directly engage one another and try to work out their differences.

consortia groups of firms that venture into new products and technologies.

contextual dimensions traits that characterize the whole organization, including its size, technology, environment, and goals.

contingency a theory meaning one thing depends on other things; the organization's situation dictates the correct management approach.

contingency decision-making framework a perspective that brings together the two organizational dimensions of problem consensus and technical knowledge about solutions.

continuous process production a completely mechanized manufacturing process in which there is no starting or stopping.

cooptation occurs when leaders from important sectors in the environment are made part of an organization.

coping with uncertainty a source of power for a department that reduces uncertainty for other departments by obtaining prior information, prevention, and absorption.

core technology the work process that is directly related to the organization's mission.

craft technology technology characterized by a fairly stable stream of activities but in which the conversion process is not analyzable or well understood.

creative departments organizational departments that initiate change, such as research and development, engineering, design, and systems analysis.

creativity the generation of novel ideas that may meet perceived needs or respond to opportunities.

culture the set of values, guiding beliefs, understandings, and ways of thinking that are shared by members of an organization and are taught to new members as correct.

culture changes changes in the values, attitudes, expectations, beliefs, abilities, and behavior of employees.

culture strength the degree of agreement among members of an organization about the importance of specific values.

customer relationship management systems that help companies track customer interactions with the firm and allow employees to call up a customer's past sales and service records, outstanding orders, or unresolved problems.

D

data the input of a communication channel.

data mining software that uses sophisticated decision-making processes to search raw data for patterns and relationships that may be significant.

data warehousing the use of a huge database that combines all of an organization's data and allows users to access the data directly, create reports, and obtain answers to "what-if" questions.

decentralized decision making and communication are spread out across the company

decision learning a process of recognizing and admitting mistakes that allows managers and organizations to acquire the experience and knowledge to perform more effectively in the future.

decision premises constraining frames of reference and guidelines placed by top managers on decisions made at lower levels.

decision support system a system that enables managers at all levels of the organization to retrieve, manipulate, and display information from integrated databases for making specific decisions.

defender a business strategy that seeks stability or even retrenchment rather than innovation or growth.

departmental grouping a structure in which employees share a common supervisor and resources, are jointly responsible for performance, and tend to identify and collaborate with each other.

dependency one aspect of horizontal power: when one department is dependent on another, the latter is in a position of greater power.

differentiation the cognitive and emotional differences among managers in various functional departments of an organization and formal structure differences among these departments.

direct interlock a situation that occurs when a member of the board of directors of one company sits on the board of another.

divisional grouping a grouping in which people are organized according to what the organization produces.

divisional structure the structuring of the organization according to individual products, services, product groups, major projects, or profit centers; also called *product structure* or *strategic business units*.

domain an organization's chosen environmental field of activity.

domains of political activity areas in which politics plays a role. Three domains in organizations are structural change, management succession, and resource allocation.

domestic stage the first stage of international development in which a company is domestically oriented while managers are aware of the global environment.

downsizing intentionally reducing the size of a company's workforce by laying off employees.

dual-core approach an organizational change perspective that identifies the unique processes associated with administrative change compared to those associated with technical change.

E

e-business any business that takes place by digital processes over a computer network rather than in physical space.

economies of scale achieving lower costs through large volume production; often made possible by global expansion.

economies of scope achieving economies by having a presence in many product lines, technologies, or geographic areas.

effectiveness the degree to which an organization achieves its goals.

efficiency the amount of resources used to produce a unit of output.

elaboration stage the organizational life cycle phase in which the red tape crisis is resolved through the development of a new sense of teamwork and collaboration.

electronic data interchange (EDI) the linking of organizations through computers for the transmission of data without human interference.

empowerment the delegation of power or authority to subordinates; also called *power sharing*.

engineering technology technology in which there is substantial variety in the tasks performed, but activities are usually handled on the basis of established formulas, procedures, and techniques.

enterprise resource planning (ERP) sophisticated computerized systems that collect, process, and provide information about a company's entire enterprise, including order processing, product design, purchasing, inventory, manufacturing, distribution, human resources, receipt of payments, and forecasting of future demand.

entrepreneurial stage the life cycle phase in which an organization is born and its emphasis is on creating a product and surviving in the marketplace.

escalating commitment persisting in a course of action when it is failing; occurs because managers block or distort negative information and because consistency and persistence are valued in contemporary society.

ethical dilemma when each alternative choice or behavior seems undesirable because of a potentially negative ethical consequence.

ethics the code of moral principles and values that governs the behavior of a person or group with respect to what is right or wrong.

ethics committee a group of executives appointed to oversee company ethics.

ethics hotline a telephone number that employees can call to seek guidance and to report questionable behavior

executive information system (EIS) interactive systems that help top managers monitor and control organizational operations by processing and presenting data in usable form.

explicit knowledge formal, systematic knowledge that can be codified, written down, and passed on to others in documents or general instructions.

external adaptation the manner in which an organization meets goals and deals with outsiders.

extranet private information network.

F

factors of production supplies necessary for production, such as land, raw materials, and labor.

feedback control model a control cycle that involves setting goals, establishing standards of performance, measuring actual performance and comparing it to

standards, and changing activities as needed based on the feedback.

financial resources control over money is an important source of power within an organization.

flexible manufacturing systems (FMS) using computers to link together manufacturing components such as robots, machines, product design, and engineering analysis to enable fast switching from one product to another.

focus an organization's dominant perspective value, which may be internal or external.

focus strategy a strategy in which an organization concentrates on a specific regional market or buyer group.

formalization the degree to which an organization has rules, procedures, and written documentation.

formalization stage the phase in an organization's life cycle involving the installation and use of rules, procedures, and control systems.

functional grouping the placing together of employees who perform similar functions or work processes or who bring similar knowledge and skills to bear.

functional matrix a structure in which functional bosses have primary authority and product or project managers simply coordinate product activities.

functional structure the grouping of activities by common function.

G

garbage can model model that describes the pattern or flow of multiple decisions within an organization.

general environment includes those sectors that may not directly affect the daily operations of a firm but will indirectly influence it.

generalist an organization that offers a broad range of products or services and serves a broad market.

global company a company that no longer thinks of itself as having a home country.

global geographical structure a form in which an organization divides its operations into world regions, each of which reports to the CEO.

global matrix structure a form of horizontal linkage in an international organization in which both product and geographical structures are implemented simultaneously to achieve a balance between standardization and globalization.

global product structure a form in which product divisions take responsibility for global operations in their specific product areas.

global stage the stage of international development in which the company transcends any one country.

global teams work groups made up of multinational members whose activities span multiple countries; also called *transnational teams*.

globalization strategy the standardization of product design and advertising strategy throughout the world.

goal approach an approach to organizational effectiveness that is concerned with output and whether the organization achieves its output goals.

H

Hawthorne Studies a series of experiments on worker productivity begun in 1924 at the Hawthorne plant of Western Electric Company in Illinois; attributed employees' increased output to managers' better treatment of them during the study.

heroes organizational members who serve as models or ideals for serving cultural norms and values.

high-velocity environments industries in which competitive and technological change is so extreme that market data is either unavailable or obsolete, strategic windows open and shut quickly, and the cost of a decision error is company failure.

horizontal coordination model a model of the three components of organizational design needed to achieve new product innovation: departmental specialization, boundary spanning, and horizontal linkages.

horizontal grouping the organizing of employees around core work processes rather than by function, product, or geography.

horizontal linkage the amount of communication and coordination that occurs horizontally across organizational departments.

horizontal structure a structure that virtually eliminates both the vertical hierarchy and departmental boundaries by organizing teams of employees around core work processes; the end-to-end work, information, and material flows that provide value directly to customers.

human relations model emphasis on an aspect of the competing values model that incorporates the values of an internal focus and a flexible structure.

hybrid structure a structure that combines characteristics of various structural approaches (functional, divisional, geographical, horizontal) tailored to specific strategic needs.

I

idea champions organizational members who provide the time and energy to make things happen; sometimes called *advocates, intrapreneurs,* and *change agents*.

idea incubator safe harbor where ideas from employees throughout the organization can be developed without interference from company bureaucracy or politics.

imitation the adoption of a decision tried elsewhere in the hope that it will work in the present situation.

incident command system developed to maintain the efficiency and control benefits of bureaucracy yet prevent the problems of slow response to crises.

incremental change a series of continual progressions that maintain an organization's general equilibrium and often affect only one organizational part.

incremental decision process model a model that describes the structured sequence of activities undertaken from the discovery of a problem to its solution.

indirect interlock a situation that occurs when a director of one company and a director of another are both directors of a third company.

information that which alters or reinforces understanding.

information reporting systems the most common form of management information system, these computerized systems provide managers with reports that summarize data and support day-to-day decision making.

inspiration an innovative, creative solution that is not reached by logical means.

institutional environment norms and values from stakeholders (customers, investors, boards, government, etc.) that organizations try to follow in order to please stakeholders.

institutional perspective an emerging view that holds that under high uncertainty, organizations imitate others in the same institutional environment.

institutional similarity the emergence of common structures, management approaches, and behaviors among organizations in the same field.

integrated enterprise an organization that uses advanced information technology to enable close coordination within the company as well as with suppliers, customers, and partners.

integration the quality of collaboration between departments of an organization.

integrator a position or department created solely to coordinate several departments.

intellectual capital the sum of an organization's knowledge, experience, understanding, processes, innovations, and discoveries.

intensive technologies a variety of products or services provided in combination to a client.

interdependence the extent to which departments depend on each other for resources or materials to accomplish their tasks.

intergroup conflict behavior that occurs between organizational groups when participants identify with one group and perceive that other groups may block their group's goal achievements or expectations.

interlocking directorate a formal linkage that occurs when a member of the board of directors of one company sits on the board of another company.

internal integration a state in which organization members develop a collective identity and know how to work together effectively.

internal process approach an approach that looks at internal activities and assesses effectiveness by indicators of internal health and efficiency.

internal process emphasis an aspect of the competing values model that reflects the values of internal focus and structural control.

international division a division that is equal in status to other major departments within a company and has its own hierarchy to handle business in various countries.

international stage the second stage of international development, in which the company takes exports seriously and begins to think multidomestically.

interorganizational relationships the relatively enduring resource transactions, flows, and linkages that occur among two or more organizations.

intranet a private, company-wide information network that uses the communications protocols and standards of the Internet but is accessible only to people within the company.

intuitive decision making the use of experience and judgment rather than sequential logic or explicit reasoning to solve a problem.

J

job design the assignment of goals and tasks to be accomplished by employees.

job enlargement the designing of jobs to expand the number of different tasks performed by an employee.

job enrichment the designing of jobs to increase responsibility, recognition, and opportunities for growth and achievement.

job rotation moving employees from job to job to give them a greater variety of tasks and alleviate boredom.

job simplification the reduction of the number and difficulty of tasks performed by a single person.

joint optimization the goal of the sociotechnical systems approach, which states that an organization will function best only if its social and technical systems are designed to fit the needs of one another.

joint venture a separate entity for sharing development and production costs and penetrating new markets that is created with two or more active firms as sponsors.

K

knowledge a conclusion drawn from information that has been linked to other information and compared to what is already known.

knowledge management the efforts to systematically find, organize, and make available a company's intellectual capital and to foster a culture of continuous learning and knowledge sharing so that organizational activities build on existing knowledge.

L

labor–management teams a cooperative approach designed to increase worker participation and provide a cooperative model for union-management problems.

language slogans, sayings, metaphors, or other expressions that convey a special meaning to employees.

large-batch production a manufacturing process characterized by long production runs of standardized parts.

large group intervention an approach that brings together participants from all parts of the organization (and may include outside stakeholders as well) to discuss problems or opportunities and plan for change.

lean manufacturing uses highly trained employees at every stage of the production process who take a painstaking approach to details and continuous problem solving to cut waste and improve quality.

learning organization an organization in which everyone is engaged in identifying and solving problems, enabling the organization to continuously experiment, improve, and increase its capability.

legends stories of events based in history that may have been embellished with fictional details.

legitimacy the general perspective that an organization's actions are desirable, proper, and appropriate within the environment's system of norms, values, and beliefs.

level of analysis in systems theory, the subsystem on which the primary focus is placed; four levels of analysis normally characterize organizations.

liaison role the function of a person located in one department who is responsible for communicating and achieving coordination with another department.

life cycle a perspective on organizational growth and change that suggests that organizations are born, grow older, and eventually die.

long-linked technology the combination within one organization of successive stages of production, with each stage using as its inputs the production of the preceding stage.

low-cost leadership a strategy that tries to increase market share by emphasizing low cost when compared with competitors' products.

M

management champion a manager who acts as a supporter and sponsor of a technical champion to shield and promote an idea within the organization.

management control systems the formalized routines, reports, and procedures that use information to maintain or alter patterns in organizational activity.

management information system a comprehensive, computerized system that provides information and supports day-to-day decision making.

management science approach organizational decision making that is the analog to the rational approach by individual managers.

managerial ethics principles that guide the decisions and behaviors of managers with regard to whether they are morally right or wrong.

market control a situation that occurs when price competition is used to evaluate the output and productivity of an organization.

mass customization the use of computer-integrated systems and flexible work processes to enable companies to mass produce a variety of products or services designed to exact customer specification.

matrix structure a strong form of horizontal linkage in which both product and functional structures (horizontal and vertical) are implemented simultaneously.

mechanistic an organization system marked by rules, procedures, a clear hierarchy of authority, and centralized decision making.

mediating technology the provision of products or services that mediate or link clients from the external environment and allow each department to work independently.

meso theory a new approach to organization studies that integrates both micro and macro levels of analysis.

mimetic forces under conditions of uncertainty, the pressure to copy or model other organizations that appear to be successful in the environment.

mission the organization's reason for its existence.

mission culture a culture that places emphasis on a clear vision of the organization's purpose and on the achievement of specific goals.

multidomestic company a company that deals with competitive issues in each country independent of other countries.

multidomestic strategy one in which competition in each country is handled independently of competition in other countries.

multifocused grouping a structure in which an organization embraces structural grouping alternatives simultaneously.

multinational stage the stage of international development in which a company has marketing and production facilities in many countries and more than one-third of its sales outside its home country.

myths stories that are consistent with the values and beliefs of the organization but are not supported by facts.

N

negotiation the bargaining process that often occurs during confrontation and enables the parties to systematically reach a solution.

network centrality top managers increase their power by locating themselves centrally in an organization and surrounding themselves with loyal subordinates.

networking linking computers within or between organizations.

new-venture fund a fund that provides financial resources to employees to develop new ideas, products, or businesses.

niche a domain of unique environmental resources and needs.

non-core technology a department work process that is important to the organization but is not directly related to its central mission.

nonprogrammed decisions novel and poorly defined, these are used when no procedure exists for solving the problem.

nonroutine technology technology in which there is high task variety and the conversion process is not analyzable or well understood.

nonsubstitutability a trait of a department whose function cannot be performed by other readily available resources.

normative forces pressures to adopt structures, techniques, or management processes because they are considered by the community to be up-to-date and effective.

O

official goals the formally stated definition of business scope and outcomes the organization is trying to achieve; another term for *mission*.

open system a system that must interact with the environment to survive.

open systems emphasis an aspect of the competing values model that reflects a combination of external focus and flexible structure.

operative goals descriptions of the ends sought through the actual operating procedures of the organization; these explain what the organization is trying to accomplish.

organic an organization system marked by free-flowing, adaptive processes, an unclear hierarchy of authority, and decentralized decision making.

organization development a behavioral science field devoted to improving performance through trust, open confrontation of problems, employee empowerment and participation, the design of meaningful work, cooperation between groups, and the full use of human potential.

organization structure designates formal reporting relationships, including the number of levels in the hierarchy and the span of control of managers and supervisors; identifies the grouping together of individuals into departments and of departments into the total organization; and includes the design of systems to ensure effective communication, coordination, and integration of efforts across departments.

organization theory a macro approach to organizations that analyzes the whole organization as a unit.

organizational behavior a micro approach to organizations that focuses on the individuals within organizations as the relevant units for analysis.

organizational change the adoption of a new idea or behavior by an organization.

organizational decision making the organizational process of identifying and solving problems.

organizational decline a condition in which a substantial, absolute decrease in an organization's resource base occurs over a period of time.

organizational ecosystem a system formed by the interaction of a community of organizations and their environment, usually cutting across traditional industry lines.

organizational environment all elements that exist outside the boundary of the organization and have the potential to affect all or part of the organization.

organizational form an organization's specific technology, structure, products, goals, and personnel.

organizational goal a desired state of affairs that the organization attempts to reach.

organizational innovation the adoption of an idea or behavior that is new to an organization's industry, market, or general environment.

organizational politics activities to acquire, develop, and use power and other resources to obtain one's preferred outcome when there is uncertainty or disagreement about choices.

organizations social entities that are goal-directed, deliberately structured activity systems linked to the external environment.

organized anarchy extremely organic organizations characterized by highly uncertain conditions.

outsourcing to contract out certain corporate functions, such as manufacturing, information technology, or credit processing, to other companies.

P

personnel ratios the proportions of administrative, clerical, and professional support staff.

point–counterpoint a decision-making technique that divides decision makers into two groups and assigns them different, often competing responsibilities.

political model a definition of an organization as being made up of groups that have separate interests, goals, and values in which power and influence are needed to reach decisions.

political tactics for using power these include building coalitions, expanding networks, controlling decision premises, enhancing legitimacy and expertise, and making a direct appeal.

pooled interdependence the lowest form of interdependence among departments, in which work does not flow between units.

population a set of organizations engaged in similar activities with similar patterns of resource utilization and outcomes.

population ecology perspective a perspective in which the focus is on organizational diversity and adaptation within a community or population or organizations.

power the ability of one person or department in an organization to influence others to bring about desired outcomes.

power distance the level of inequality people are willing to accept within an organization.

power sources there are five sources of horizontal power in organizations: dependency, financial resources, centrality, nonsubstitutability, and the ability to cope with uncertainty.

problem consensus the agreement among managers about the nature of problems or opportunities and about which goals and outcomes to pursue.

problem identification the decision-making stage in which information about environmental and organizational conditions is monitored to determine if performance is satisfactory and to diagnose the cause of shortcomings.

problem solution the decision-making stage in which alternative courses of action are considered and one alternative is selected and implemented.

problemistic search occurs when managers look around in the immediate environment for a solution to resolve a problem quickly.

process organized group of related tasks and activities that work together to transform inputs into outputs that create value for customers.

product and service changes changes in an organization's product or service outputs.

product matrix a variation of the matrix structure in which project or product managers have primary authority and functional managers simply assign technical personnel to projects and provide advisory expertise.

programmed decisions repetitive and well-defined procedures that exist for resolving problems.

prospector a business strategy characterized by innovation, risk-taking, seeking out new opportunities, and growth.

R

radical change a breaking of the frame of reference for an organization, often creating a new equilibrium because the entire organization is transformed.

rational approach a process of decision making that stresses the need for systematic analysis of a problem followed by choice and implementation in a logical sequence.

rational goal emphasis an aspect of the competing values model that reflects values of structural control and external focus.

rational-legal authority based on employees' belief in the legality of rules and the right of those in authority to issue commands.

rational model a description of an organization characterized by a rational approach to decision making, extensive and reliable information systems, central power, a norm of optimization, uniform values across groups, little conflict, and an efficiency orientation.

reactor a business strategy in which environmental threats and opportunities are responded to in an ad hoc fashion.

reasons organizations grow growth occurs because it is an organizational goal, it is necessary to attract and keep quality managers, or it is necessary to maintain economic health.

reciprocal interdependence the highest level of interdependence, in which the output of one operation is the input of a second, and the output of the second operation is the input of the first (for example, a hospital).

reengineering redesigning a vertical organization along its horizontal workflows and processes.

resource dependence a situation in which organizations depend on the environment but strive to acquire control over resources to minimize their dependence.

resource-based approach an organizational perspective that assesses effectiveness by observing how successfully the organization obtains, integrates, and manages valued resources.

retention the preservation and institutionalization of selected organizational forms.

rites and ceremonies the elaborate, planned activities that make up a special event and often are conducted for the benefit of an audience.

role a part in a dynamic social system that allows an employee to use his or her discretion and ability to achieve outcomes and meet goals.

routine technology technology characterized by little task variety and the use of objective, computational procedures.

rule of law that which arises from a set of codified principles and regulations that describe how people are required to act, are generally accepted in society, and are enforceable in the courts.

S

satisficing the acceptance by organizations of a satisfactory rather than a maximum level of performance.

scientific management a classical approach that claims decisions about organization and job design should be based on precise, scientific procedures.

sectors subdivisions of the external environment that contain similar elements.

selection the process by which organizational variations are determined to fit the external environment; variations that fail to fit the needs of the environment are "selected out" and fail.

sequential interdependence a serial form of interdependence in which the output of one operation becomes the input to another operation.

service technology technology characterized by simultaneous production and consumption, customized output, customer participation, intangible output, and being labor intensive.

simple-complex dimension the number and dissimilarity of external elements relevant to an organization's operation.

Six Sigma quality standard that specifies a goal of no more than 3.4 defects per million parts; expanded to refer to a set of control procedures that emphasize the relentless pursuit of higher quality and lower costs.

skunkworks separate, small, informal, highly autonomous, and often secretive group that focuses on breakthrough ideas for the business.

small-batch production a manufacturing process, often custom work, that is not highly mechanized and relies heavily on the human operator.

social audit measures and reports the ethical, social, and environmental impact of a company's operations.

social capital the quality of interactions among people, affected by whether they share a common perspective.

social responsibility management's obligation to make choices and take action so that the organization contributes to the welfare and interest of society as well as itself.

sociotechnical systems approach an approach that combines the needs of people with the needs of technical efficiency.

sources of intergroup conflict factors that generate conflict, including goal incompatibility, differentiation, task interdependence, and limited resources.

specialist an organization that has a narrow range of goods or services or serves a narrow market.

stable-unstable dimension the state of an organization's environmental elements.

stakeholder any group within or outside an organization that has a stake in the organization's performance.

stakeholder approach also called the *constituency approach,* this perspective assesses the satisfaction of stakeholders as an indicator of the organization's performance.

standardization a policy that ensures all branches of the company at all locations operate in the same way

stories narratives based on true events that are frequently shared among organizational employees and told to new employees to inform them about an organization.

strategic contingencies events and activities inside and outside an organization that are essential for attaining organizational goals.

strategy the current set of plans, decisions, and objectives that have been adopted to achieve the organization's goals.

strategy and structure changes changes in the administrative domain of an organization, including structure, policies, reward systems, labor relations, coordination devices, management information control systems, and accounting and budgeting.

structural dimensions descriptions of the internal characteristics of an organization

structure the formal reporting relationships, groupings, and systems of an organization.

struggle for existence a principle of the population ecology model that holds that organizations are engaged in a competitive struggle for resources and fighting to survive.

subcultures cultures that develop within an organization to reflect the common problems, goals, and experiences that members of a team, department, or other unit share.

subsystems divisions of an organization that perform specific functions for the organization's survival; organizational subsystems perform the essential functions of boundary spanning, production, maintenance, adaptation, and management.

switching structures an organization creates an organic structure when such a structure is needed for the initiation of new ideas.

symbol something that represents another thing.
symptoms of structural deficiency signs of the organization structure being out of alignment, including delayed or poor-quality decision making, failure to respond innovatively to environmental changes, and too much conflict.
system a set of interacting elements that acquires inputs from the environment, transforms them, and discharges outputs to the external environment.

T

tacit knowledge knowledge that is based on personal experience, intuition, rules of thumb, and judgment, and cannot be easily codified and passed on to others in written form.
tactics for enhancing collaboration techniques such as integration devices, confrontation and negotiation, intergroup consultation, member rotation, and shared mission and superordinate goals that enable groups to overcome differences and work together.
tactics for increasing power these include entering areas of high uncertainty, creating dependencies, providing resources, and satisfying strategic contingencies.
task a narrowly defined piece of work assigned to a person.
task environment sectors with which the organization interacts directly and that have a direct effect on the organization's ability to achieve its goals.
task force a temporary committee composed of representatives from each department affected by a problem.
team building activities that promote the idea that people who work together can work together as a team.
teams permanent task forces often used in conjunction with a full-time integrator.
technical champion a person who generates or adopts and develops an idea for a technological innovation and is devoted to it, even to the extent of risking position or prestige; also called *product champion*.
technical complexity the extent of mechanization in the manufacturing process.
technical knowledge understanding and agreement about how to solve problems and reach organizational goals.
technology the tools, techniques, and actions used to transform organizational inputs into outputs.
technology changes changes in an organization's production process, including its knowledge and skills base, that enable distinctive competence.
time-based competition delivering products and services faster than competitors, giving companies a competitive edge.
traditional authority based in the belief in traditions and the legitimacy of the status of people exercising authority through those traditions.
transaction processing systems (TPS) automation of the organization's routine, day-to-day business transactions.
transnational model a form of horizontal organization that has multiple centers, subsidiary managers who initiate strategy and innovations for the company as a whole, and unity and coordination achieved through corporate culture and shared vision and values.

U

uncertainty occurs when decision makers do not have sufficient information about environmental factors and have a difficult time predicting external changes.
uncertainty avoidance the level of tolerance for and comfort with uncertainty and individualism within a culture.

V

values-based leadership a relationship between a leader and followers that is based on strongly shared values that are advocated and acted upon by the leader.
variation appearance of new organizational forms in response to the needs of the external environment; analogous to mutations in biology.
variety in terms of tasks, the frequency of unexpected and novel events that occur in the conversion process.
venture teams a technique to foster creativity within organizations in which a small team is set up as its own company to pursue innovations.
vertical information system the periodic reports, written information, and computer-based communications distributed to managers.
vertical linkages communication and coordination activities connecting the top and bottom of an organization.
virtual network grouping organization that is a loosely connected cluster of separate components.
virtual network structure the firm subcontracts many or most of its major processes to separate companies and coordinates their activities from a small headquarters organization.
virtual team made up of organizationally or geographically dispersed members who are linked through advanced information and communications technologies. Members frequently use the Internet and collaborative software to work together, rather than meeting face-to-face.

W

whistle-blowing employee disclosure of illegal, immoral, or illegitimate practices on the part of the organization.

Name Index

Page numbers followed by the letter n indicate the note in which the entry is located.

A

Abboud, Leila, 169n66
Abdalla, David, 132n27
Abel, Katie, 168n37
Abelson, Reed, 439n83
Abizaid, John, 30
Abramson, Gary, 317n42
Ackerman, Linda S., 119, 133n58
Ackerman, Val, 71
Adams, Chris, 169n66
Adices, Ichak, 354n26
Adler, Nancy J., 209, 240n14
Adler, Paul S., 258–259, 283n24, 284n39, 285n74, 285n79, 438n31
Aenlle, Conrad de, 240n31
Aeppel, Timothy, 355n80
Agins, Teri, 169n57
Aiken, Michael, 284n61, 354n44, 437n11
Akgün, Ali E., 439n61
Akinnusi, David M., 439n76
Alban, Billie T., 440n88, 440n89
Alderfer, Clayton T., 514n4
Aldrich, Howard E., 49n14, 167n16, 202n34
Alexander, Keith, 438n48, 480n70
Allaire, Paul, 4–5
Allen, Richard S., 440n93
Allen, Robert W., 515n63
Allison, Charles F., 432, 434–435
Alsop, Ronald, 202n49, 202n50, 202n51
Altier, William J., 132n18
Amdt, Michael, 133n45
Amelio, Gilbert, 329
Ammeter, Anthony P., 516n77
Anand, N., 133n57
Anand, Vikas, 318n45
Anders, George, 515n39
Andersen, Arthur, 8
Anderson, Carl, 397n88
Aniston, Jennifer, 466
Antonelli, Cristiano, 133n51
Archer, Earnest R., 478n14, 478n16
Argote, Linda, 283n4, 285n67, 285n75
Argüello, Michael, 479n38
Argyris, Chris, 74, 87n45, 316
Arndt, Michael, 86n16, 86n29, 317n15, 317n25
Arnold, Rick, 511–512
Arogyaswamy, Bernard, 395n34
Arthur, Mr., 41
Ashford, Susan, 201n19
Ashkenas, Ron, 440n90
Astley, W. Graham, 354n47, 514n22, 515n32, 515n47
Aston, Adam, 133n45
At-Twaijri, Mohamed Ibrahim Ahmad, 168n27
Athitakis, Mark, 478n4
Atkin, Robert S., 169n61
Atsaides, James, 356n85, 356n86
Aubin, Jean, 479n37
Auster, Ellen R., 202n56
Austin, Nancy, 41
Ayers, Nicholas, 28

B

Babcock, Judith A., 169n52
Bacharach, Samuel B., 437n12
Badaracco, Joseph L. Jr., 396n70
Baetz, Mark, 86n6
Bailetti, Antonio J., 438n52
Baker, Edward, 479n37
Baker, Richard, 358
Balaji, Y., 317n41
Ballmer, Steven, 106, 330, 334
Balu, Rekha, 395n33
Bandler, James, 240n1
Banham, Russ, 317n17
Bank, David, 395n24, 478n2
Bannon, Lisa, 50n17
Barbara, Mayor, 196
Barczak, Gloria, 439n67
Barkema, Harry G., 49n3, 49n4
Barker, James R., 355n74
Barker, Robert, 437n16
Barley, Stephen R., 50n18, 318n68, 318n70
Barnatt, Christopher, 318n62
Barnett, Megan, 318n72
Barney, Jay B., 87n42, 168n48
Barone, Michael, 354n23
Barrett, Amy, 85n5, 132n17, 132n29, 240n20, 241n49, 514n8
Barrett, Craig, 472
Barrier, Michael, 396n73
Barrionuevo, Alexei, 394n3, 395n23
Barron, Kelly, 354n40, 437n8
Barsoux, Jean-Louis, 242n68
Bart, Christopher, 86n6
Bartkus, Barbara, 86n7
Bartlett, Christopher A., 133n44, 201n10, 231, 240n6, 241n63, 242n68, 242n69, 242n73, 242n74
Barton, Chris, 186
Barwise, Patrick, 316n1, 318n64
Bass, Bernard M., 440n95
Baum, J. Robert, 478n22
Baum, Joel A. C., 49n3, 201n34
Bazerman, Max H., 169n61, 396n66
Beard, Donald W., 167n17
Beatty, Carol A., 440n99
Beaudoin, Laurent, 159
Becker, Selwyn W., 354n41, 355n49, 440n103
Beckhard, Richard, 74, 87n45
Bedeian, Arthur G., 202n44
Behling, Orlando, 478n22
Bell, Cecil H. Jr., 439n85, 440n86
Bell, Gerald D., 284n64
Belohlav, James A., 241n38
Belson, Ken, 240n13, 241n53
Benedetti, Marti, 201n15
Benitz, Linda E., 392
Bennett, Amanda, 50n35
Bennis, Warren G., 74, 87n45, 440n106
Berenbeim, Ronald E., 397n90
Bergquist, William, 50n38
Berkman, Erik, 317n8
Berman, Barry, 283n33
Berman, Dennis K., 168n44
Bernstein, Aaron, 49n5, 167n7, 516n88
Berrett-Koehler, 437n4
Beyer, Janice M., 363, 394n10, 395n19
Bezos, Jeff, 488
Bianco, Anthony, 49n1
Biemans, Wim G., 439n58
Biggers, Kelsey, 313
Bigley, Gregory A., 355n55, 355n57
Binkley, Christina, 479n39
Birkinshaw, Julian, 438n39
Birnback, Bruce, 153
Birnbaum, Jeffrey H., 169n68
Black, Lord Conrad, 492
Blackburn, Richard S., 515n36
Blackman, Andrew, 318n66
Blai, Boris, 478n14
Blair, Donald, 330
Blake, Robert R., 507, 516n86, 516n87, 516n91, 516n93
Blanchard, Olivier, 242n71
Blau, Judith R., 438n32
Blau, Peter M., 284n64, 354n47
Blekley, Fred R., 201n32
Blenkhorn, David L., 86n35
Bloodgood, James M., 394n4
Bluedorn, Allen C., 167n16, 354n41
Boeker, Warren, 515n53
Bohbot, Michele, 369
Bohman, Jim, 351
Boland, M., 354n47
Boland, W., 354n47
Bolino, Mark C., 394n4
Bolman, Lee G., 514n2
Bonabeau, Eric, 479n28, 479n30
Bonazzi, Giuseppe, 133n51
Boorstin, Julia, 240n15, 394n2
Borys, Bryan, 169n54, 169n58
Bossidy, Larry, 87n54, 325, 402
Bossidy, Lawrence A., 144
Boudette, Neal E., 132n19
Boulding, Elise, 514n22
Bourgeois, L. J. III, 480n64, 514n3

Bowen, David E., 260, 284n44, 284n52
Bower, Carolyn, 50n28
Bowerman, Bill, 329
Boyle, Matthew, 61, 167n4, 395n32
Brabeck-Letmathe, Peter, 217
Brady, Diane, 284n45
Brady, Simon, 396n57
Branch, Shelly, 133n36
Brandt, Richard, 201n18
Brannigan, Martha, 49n2
Brass, Daniel J., 515n29, 516n71
Breen, Bill, 478n23
Breen, Ed, 419–420
Bremner, Brian, 241n53, 437n1
Bresnahan, Jennifer, 396n65
Brewster, Linda, 169n62
Brimelow, Peter, 354n46
Brimm, Michael, 512
Brin, Sergey, 327
Brittain, Jack W., 202n34
Brockner, Joel, 356n86, 480n72
Brodsky, Norm, 50n44, 440n92
Bronikowski, Karne, 439n62
Brooks, Geoffrey R., 402
Brooks, Rick, 50n28, 478n10
Brown, Andrew D., 394n7
Brown, Ben, 338
Brown, Eryn, 317n34
Brown, John, 355n60
Brown, L. David, 514n7
Brown, Shona L., 438n53, 438n55
Brown, Steve, 317n31
Brown, Stuart F., 284n58
Brown, Tom, 353n17
Brown, Warren B., 168n29
Bruce, Reginald A., 430
Bu, Nailin, 242n72
Buchanan, Leigh, 316n2, 318n65
Buckley, Ron, 24
Buckley, Timothy, 395n42
Buller, Paul F., 393, 440n91
Bunker, Barbara B., 440n88, 440n89
Burke, Charles, 325
Burke, Debbie, 440n90
Burke, W. Warner, 439n85, 440n86
Burkhardt, Marlene E., 516n71
Burns, Greg, 514n8
Burns, Lawton R., 133n42
Burns, Tom, 151, 168n42, 437n23
Burt, Ronald S., 169n61
Burton, Thomas M., 437n17, 437n22
Bush, George W., 103
Byles, Charles M., 395n34
Bylinsky, Gene, 283n1, 283n15, 283n20, 285n73
Byrne, John A., 115, 323, 353n12, 396n64
Byrne, John C., 439n61
Byrnes, Nanette, 514n9

C

Cadieux, Chester II, 31
Cali, Filippo, 270
Callahan, Charles V., 311, 316n5
Camerman, Filip, 221
Cameron, Kim S., 76, 86n34, 87n53, 327, 331, 354n27, 355n75, 355n79, 356n86
Campbell, Andrew, 133n43
Canabou, Christine, 438n35
Canseco, Phil, 476
Cardoza, Mr. R. H., 199–200
Cardoza, Ms., 199
Carlton, Jim, 240n8
Carney, Eliza Newlin, 132n30
Carpenter, Jim, 390–391
Carpenter, Mary, 235–236
Carr, David, 240n1
Carr, Patricia, 439n84
Carr, Tom, 315
Carroll, Glenn R., 202n42
Carroll, Stephen J., 201n19
Carter, Jimmy, 336
Carter, Nancy M., 354n43
Cartwright, D., 515n28
Cascio, W. S., 285n82
Cascio, Wayne F., 356n85, 356n90
Case, John, 353n18
Casselman, Cindy, 493
Caudron, Shari, 356n86, 356n89
Caulfield, Brian, 318n60
Cavanagh, Richard, 336
Cha, Sandra Eunyoung, 395n17, 395n26, 395n35, 395n39
Chamberland, Denis, 133n50, 133n51
Champion, John M., 390
Chapman, Art, 132n27
Charan, Ram, 87n54, 144, 325
Charnes, John, 439n63
Charns, Martin P., 86n12
Chase, Richard B., 284n50, 284n52, 285n79
Chatman, Jennifer A., 395n17, 395n26, 395n35, 395n39
Chen, Christine Y., 440n101
Cheng, Joseph L. C., 285n75
Cherney, Elena, 515n43
Chesbrough, Henry W., 133n57
Child, John, 132n4, 133n60, 355n48
Chiles, James R., 252
Chipello, Christopher J., 86n14
Chow, Chee W., 297, 317n27, 317n28, 440n95
Churchill, Neil C., 354n26
Cialdini, Robert B., 504
Clark, Don, 201n17
Clark, John P., 86n39
Clark, Mickey, 394n1
Clarkson, Max B. E., 396n66
Clegg, Stewart R., 201n34, 202n53
Clifford, Lee, 317n23
Cohen, Don, 394n4
Cohen, Irit, 515n53
Cohen, Michael D., 463, 479n54
Coia, Arthur C., 506
Coleman, Henry J. Jr., 68, 133n52, 355n66, 439n69
Collins, Jim, 86n10, 353n8, 364
Collins, Paul D., 284n39, 284n64
Congden, Steven W., 283n14, 283n17
Conlon, Edward J., 50n29
Conner, Daryl R., 425, 440n97
Connolly, Terry, 50n29
Connor, Patrick E., 284n63
Cook, Lynn, 132n27
Cook, Michelle, 168n28
Cooper, Christopher, 86n18, 515n49
Cooper, William C., 284n59
Copeland, Michael V., 478n1, 478n6
Cormick, Gerald, 195
Courtright, John A., 168n43
Cousins, Roland B., 392
Coutu, Diane L., 440n107
Cowen, Scott S., 317n26
Cox, James, 316n3
Coy, Peter, 201n18
Craig, Susanne, 515n49
Craig, Timothy J., 242n72
Crainer, Stuart, 438n42
Cramer, Roderick M., 514n18
Creed, W. E. Douglas, 355n66, 439n69
Creswell, Julie, 169n72, 202n37
Crewdson, John, 354n39
Crittenden, Victoria L., 485, 514n11
Crock, Stan, 168n33
Cronin, Mary J., 317n34
Cross, Jim, 440n104
Cross, Kim, 86n17
Cummings, Jeanne, 169n67
Cummings, Larry L., 285n67, 438n44, 514n10, 514n18
Cummings, T., 275
Cummins, Doug, 126
Cummins, Gaylord, 86n36
Cunningham, J. Barton, 87n47
Cuomo, Mario, 473
Cusumano, Michael A., 283n16
Cyert, Richard M., 456, 479n43, 479n45

D

Daboub, Anthony J., 169n70
Dacin, M. Tina, 202n46
Daft, Richard L., 33, 86n34, 116, 126, 133n48, 264, 284n59, 284n63, 284n65, 285n67, 295, 317n19, 317n26, 354n41, 354n47, 355n48, 355n49, 437n12, 439n71, 439n72, 439n73, 440n103, 479n42
Dahl, Robert A., 514n21
Dahle, Cheryl, 394n12
Dalton, Gene W., 168n38, 514n14
Damanpour, Fariborz, 439n70, 439n74
D'Amico, Carol, 49n12, 397n96
Dandridge, Thomas C., 395n16
Daniels, Cora, 395n31
Daniels, John D., 241n39
Dann, Valerie, 516n96
Dannemiller, Kathleen D., 440n88
Darrow, Barbara, 132n12
Datta, Deepak K., 479n34
Datz, Todd, 318n44, 438n30
Dauch, Richard, 245
Davenport, Thomas H., 515n41
David, Forest R., 86n6
David, Fred R., 86n6
David, Grainger, 283n18, 283n36
Davidow, William A., 437n5
Davidson, Harmon, 476–477
Davig, William, 317n31
Davis, Ann, 514n1, 516n81
Davis, Eileen, 49n3
Davis, Stanley M., 133n37, 133n39
Davis, Tim R. V., 316n1
Davison, Sue Canney, 241n58
Dawson, Chester, 437n1
Dawson, Sarah, 87n49
Day, Jonathan D., 133n60
Deal, Terrence E., 395n15, 395n20, 514n2
Dean, James W. Jr., 478n17, 516n65
Dearlove, Des, 438n42
Deere, John, 147
DeFoe, Joe, 448
DeGeorge, Gail, 240n28
Deitzer, Bernard A., 84
Delacroix, Jacques, 202n42
Delbecq, Andre L., 272, 285n67, 285n75, 396n71, 437n11
DeLong, James V., 515n62
DeMarie, Samuel M., 132n23
DeMott, John S., 283n23
Denis, Héléné, 285n77
Denison, Daniel R., 367, 395n28, 397n100
Deniston, O. Lynn, 86n36
Dent, Harry S. Jr., 402
Denton, D. Keith, 440n105
Denzler, David R., 318n56
DePeters, Jack, 61
Dess, Gregory G., 132n26, 133n56, 133n57, 167n17, 240n28, 437n5
Detert, James R., 395n27
Deutsch, Claudia H., 49n1
Deutsch, Stuart Jay, 50n29
Deutschman, Alan, 514n20
Dewar, Robert D., 354n42
Dickey, Beth, 87n50, 480n60
Digate, Charles, 73
Dill, William R., 479n35
Dillon, Karen, 478n13
DiMaggio, Paul J., 202n54, 202n55

Dimancescu, Dan, 438n55, 439n68
DiSimone, L. D., 437n21
DiTomaso, N., 395n40
Doehring, J., 132n27
Doerflein, Stephen, 356n85, 356n86
Dolgen, Jonathan, 453
Donald, Jim, 55
Donaldson, T., 50n29
Doran, George T., 480n63, 480n67, 480n68
Dorfman, Peter, 242n67
Dougherty, Deborah, 438n50, 439n62
Dougherty, Jack, 21
Douglas, Ceasar, 516n77
Douglas, Frank L., 439n63
Dove, Erin, 476
Dowling, Grahame R., 202n50
Downey, Diane, 132n16
Dragoon, Alice, 201n9, 201n22, 317n9
Dreazen, Yochi J., 478n18, 515n49
Driscoll, Dawn-Marie, 395n46, 396n66
Drory, Amos, 516n67
Drucker, Peter F., 49n15, 81, 353n18, 438n41, 440n98, 477
Drukerman, Pamela, 241n50
Drummond, Helga, 480n72
Drummond, Walton, 476
Druyan, Darleen, 161
Duck, Jeanie Daniel, 424
Dudley, Graham, 283n26
Duerinckx, Reina, 268
Duffield, Dave, 366
Duffy, Tom, 168n30
Dugan, Ianthe Jeanne, 515n39, 515n49
Duimering, P. Robert, 284n40
Duncan, Robert B., 103, 105, 111, 132n26, 133n32, 133n41, 146, 152, 167n17, 437n25
Duncan, W. Jack, 394n7
Dunnette, M.D., 514n6
Dunphy, Dexter C., 440n109
Dutton, Gail, 397n102
Dutton, John M., 514n13, 514n16
Dux, Pierre, 512–513
Dvorak, Phred, 133n34, 241n53
Dwenger, Kemp, 438n55, 439n68
Dworkin, Terry Morehead, 396n84
Dwyer, Paula, 49n13
Dyer, Jeffrey H., 180, 201n26, 201n27

E

Eccles, Robert G., 515n41
Eckel, Norman L., 478n22
Edmondson, Amy, 440n106
Edwards, Cliff, 241n53, 438n51
Edwards, Gary, 383
Egri, Carolyn P., 438n44
Eichenwald, Kurt, 86n9
Eisenberg, Daniel J., 478n21
Eisenhardt, Kathleen M., 438n53, 438n55, 439n62, 480n64, 480n65, 514n3
Elbert, Norb, 317n31
Elder, Renee, 478n12
Elffers, Joost, 514n27
Elgin, Ben, 516n85
Elliott, Stuart, 353n6
Ellison, Larry, 94
Ellison, Sarah, 167n6
Elsbach, Kimberly D., 169n72
Emerson, Richard M., 514n24, 515n54
Emery, F., 285n81
Emery, Fred E., 167n16
Eng, Sherri, 438n34
Engardio, Pete, 49n5, 201n29
Engle, Jane, 86n22
Engle, Paul, 133n53, 133n56, 133n57
Enns, Harvey G., 516n72
Epstein, Edwin M., 168n34
Epstein, Lisa D., 203n58
Estepa, James, 149
Estepa, Jim, 168n37
Etzioni, Amitai, 85n2, 86n31, 86n32
Evan, William M., 439n70
Evaniski, Michael J., 439n70
Eveland, J. D., 86n36
Eyring, Henry B., 479n35

F

Fabrikant, Geraldine, 86n27, 479n33
Fairhurst, Gail T., 168n43
Farnham, Alan, 50n34, 437n14
Fassihi, Farnaz, 478n18
Fayol, Henri, 26
Feldman, Steven P., 394n10
Feldman, Stewart, 202n40
Fenn, Donna, 201n22
Fennell, Mary L., 439n70
Ferguson, Kevin, 317n17
Ferguson, Ralph, 434–435
Ferrara, Michael, 421
Ferris, Gerald R., 515n64, 516n65
Ferry, Diane L., 33, 285n66
Fey, Carl F., 397n100
Fields, Gary, 50n33
Filo, David, 505
Finch, Byron J., 284n43
Fine, Charles H., 283n16
Finnigan, Annie, 49n13
Fiorina, Carly, 442
Fisher, Anne B., 439n82
Fisher, Michael, 479n37
Fishman, Charles, 50n30, 132n22, 202n51, 285n70
Fitzgerald, Michael, 316n4
Fletcher, Joyce K., 49n13
Flood, Mary, 318n55
Flynn, John, 432, 434–435
Fogerty, John E., 133n45
Fombrun, Charles, 50n29, 50n32, 515n47
Fontaine, Michael A., 318n55, 318n71
Ford, Bill, 89
Ford, Jeffrey D., 354n46
Ford, Robert C., 133n41
Forest, Stephanie Anderson, 202n43
Forsythe, Jason, 49n12
Foster, Peter, 197
Fouts, Paul A., 87n42
Fox, Jeffrey J., 514n27
Fox, William M., 285n81
Fraley, Elisabeth, 512
France, Mike, 168n19, 168n36, 396n64
Francis, Carol E., 273, 285n81
Frank, Robert, 167n13, 241n48, 515n43
Franke, Markus, 167n3
Freedberg, Sydney J., 50n42
Freeman, John, 183, 202n34, 202n36
Freeman, Martin, 434–435
Freidheim, Cyrus F. Jr., 240n22
French, Bell, 440n86, 440n87, 440n88
French, John R. P. Jr., 515n28
French, Wendell L., 439n85, 440n86, 440n87, 440n88
Friedlander, Beth, 196
Friedman, David, 353n14
Friel, Brian, 132n30
Friesen, Peter H., 354n26
Frieswick, Kris, 355n77
Frink, Dwight D., 515n64
Frost, Peter J., 87n46, 438n44
Fry, Louis W., 259, 284n39
Fuller, Scott, 370

G

Gaber, Brian, 86n35
Gaertner, Gregory H., 439n76
Gaertner, Karen N., 439n76
Gajilan, Arlyn Tobias, 50n22
Galang, Maria Carmen, 515n64
Galbraith, Jay R., 132n11, 132n14, 132n16, 241n64, 438n44, 514n17, 516n94, 516n95
Galloni, Alessandra, 169n57
Gantz, Jeffrey, 515n63, 516n70
Gardiner, Lorraine R., 485, 514n11
Garino, Jason, 308, 318n63
Garner, Rochelle, 132n12
Garvin, David A., 317n43, 480n66
Gates, Bill, 13, 106, 330, 334
Geber, Beverly, 396n81, 397n93
Geeraerts, Guy, 354n43
George, A. L., 449
George, Bill, 86n10
George, Thomas, 479n29
Gerstner, Louis, 4, 402
Gesteland, Richard R., 228
Ghadially, Rehana, 515n64
Ghobadian, Abby, 395n26, 395n40
Ghoshal, Sumantra, 133n44, 201n10, 231, 240n6, 241n36, 241n49, 241n63, 242n68, 242n69, 242n73, 242n74
Ghosn, Carlos, 443, 478n6
Gibson, David G., 396n86
Gladwell, Malcolm, 452
Glassman, Myron, 86n7
Glick, William H., 318n45, 402
Glinow, Mary Ann Von, 439n77
Glisson, Charles A., 284n61
Gnyawali, Devi R., 201n4
Gobeli, David H., 133n38
Godfrey, Joline, 49n13
Godfrey, Paul C., 87n42
Goding, Jeff, 317n24
Goes, James B., 402, 437n13
Gogoi, Pallavi, 86n29
Gold, Bela, 283n25
Goldhar, Joel D., 283n37, 284n40, 284n41
Goldoftas, Barbara, 438n31
Goode, Kathy, 354n40
Goodhue, Dale L., 284n60
Goodstein, Jerry, 202n46
Goodwin, Brian, 201n8
Goold, Michael, 133n43
Gopinath, C., 283n14, 283n17
Gordon, G. G., 395n40
Gordon, John R. M., 440n99
Gore, Bill, 21
Gore, W. L., 92
Gottlieb, Jonathan Z., 440n94
Gottlieb, Manu, 196
Govindarajan, Vijay, 240n6, 241n34, 241n47, 241n55, 241n56, 386
Graham, Ginger L., 486
Grant, Robert M., 318n49, 318n50
Grasso, Dick, 493
Grauwe, Paul De, 221
Gray, David A., 169n70
Gray, Steven, 85n1
Grayson, C. Jackson Jr., 318n52, 479n40
Greco, Susan, 201n11
Greenberg, Hank, 491
Greene, Jay, 354n36
Greene, Robert, 514n27
Greenhalgh, Leonard, 181, 355n78, 355n79
Greenhouse, Steven, 49n12
Greening, Daniel W., 396n55
Greenwood, Royston, 132n5, 355n60
Greiner, Larry E., 327, 331, 354n27
Gresov, Christopher, 284n60, 284n61, 284n62, 285n69, 285n75
Griffin, Ricky W., 164, 437n14
Grimes, A. J., 284n62, 515n31

Grittner, Peter, 180, 201n14, 201n26, 201n27
Groetsch, David, 506
Grossman, Allen, 50n16
Grossman, John, 437n4, 437n15
Grossman, Laurie M., 351
Grossman, Robert J., 49n1
Grover, Ron, 240n24
Grover, Ronald, 241n53, 438n48, 480n70, 514n9
Grow, Brian, 167n10
Guernsey, Brock, 439n63
Guillén, Mauro F., 50n34
Gulati, Ranjay, 308, 318n63
Gunn, Jack, 480n63, 480n67, 480n68
Gunther, Marc, 396n52, 397n95
Gupta, Anil K., 240n6, 241n34, 241n47, 241n55, 241n56
Gupta, Rajat, 9
Gustafson, Loren T., 87n42
Guth, Robert A., 132n31, 168n45, 201n17

H

Hackett, Edward J., 440n108
Haddad, Kamal M., 297, 317n27, 317n28
Hage, Jerald, 284n61, 354n44, 437n11
Hahn, Betty, 354n40
Hake, Ralph, 442
Haldeman, Jeffrey, 273, 285n81
Hale, Wayne, 75
Hall, Douglas T., 278
Hall, Richard H., 50n26, 86n39, 354n43
Hall, Richard L., 202n44
Hambrick, Donald C., 86n30, 241n58
Hamburger, M., 413, 438n52
Hamel, Gary, 354n21, 440n98
Hamm, Steve, 133n31, 439n75
Hammer, Michael, 133n46, 133n47, 317n24, 420
Hammond, John S., 478n13
Hammonds, Keith H., 49n5, 50n21, 133n51, 240n11, 324, 353n16, 354n25, 403
Hammonds, See, 353n17
Hampton, David L., 280
Hancock, Herbie, 55
Hanges, Paul, 242n67
Hanks, Tom, 453
Hannan, Michael T., 183, 202n34, 202n36, 202n42
Hansell, Saul, 478n6
Hansen, Morten T., 241n65, 303, 318n53
Hansson, Tom, 167n3
Harada, Takashi, 255
Harari, Oren, 51n46
Hardy, Cynthia, 201n34, 202n53, 438n50, 439n62
Harper, Richard H. R., 302
Harreld, Heather, 317n8
Harrington, Ann, 50n27, 50n34, 51n45, 86n15, 438n47, 439n59
Harrington, Richard, 78
Harrington, Susan J., 397n94
Harris, Gardiner, 169n66
Harris, Randall D., 167n16
Harvey, Cheryl, 126
Harvey, Edward, 283n8
Harwood, John, 355n64
Hassard, John, 283n26
Hatch, Mary Jo, 394n10
Hatch, Nile W., 201n26
Hawkins, Lee Jr., 86n13, 87n41, 169n63, 514n8
Hawley, A., 354n47
Hayashi, Alden M., 478n23
Hays, Constance L., 168n21, 240n30, 317n14
Hays, Kristin, 132n27
Head, Thomas C., 164
Heck, R. H., 395n40
Heide, Jan B., 201n20
Hellriegel, Don, 275, 285n80, 395n18
Hellriegel, Slocum, 285n84
Hemmert, Martin, 242n70
Hench, Thomas J., 478n23
Henderson, A. M., 354n37
Henderson, Sam, 195–196
Hendrickson, Anthony R., 132n23
Henkoff, Ronald, 284n42, 356n86
Henricks, Mark, 397n93
Henry, David, 353n15
Hensley, Scott, 438n49
Herbert, Theodore T., 209, 240n14
Heskett, James L., 372, 374, 394n11, 395n43
Heymans, Brian, 283n29
Hickel, James K., 439n79
Hicks, Tom, 489–490
Hickson, David J., 50n26, 201n13, 202n35, 202n54, 202n55, 283n5, 283n7, 515n51, 515n52, 515n58, 515n60, 516n73
Higgins, Christopher A., 438n40
Higgins, James H., 394n9, 395n25
Higgs, A. Catherine, 356n84
Higuchi, Tatsuo, 409
Hildebrand, Carol, 315
Hill, Charles W. L., 439n60
Hill, G. Christian, 132n12
Hillebrand, Bas, 439n58
Hilton, Anthony, 132n12
Himelstein, Linda, 168n33, 202n43, 355n82
Hinings, Bob, 132n5
Hinings, C. R., 50n26, 355n60, 515n51, 515n52
Hise, Phaedra, 438n38
Hitt, Michael, 68
Hject, Paola, 240n5
Hjorten, Lisa, 370
Hodder, James E., 479n36
Hof, Robert D., 202n43, 437n1, 437n9, 438n48, 480n70
Hoffman, Alan N., 201n20
Hofstede, Geert, 225, 241n66
Holbek, Jonny, 152
Holliday, Charles O. Jr., 378
Holmes, Stanley, 87n48
Holstein, William J., 7, 49n5, 240n17
Holstrom, Leslie, 396n57
Holweg, Matthias, 353n13
Hooijberg, R., 367, 395n28
Hopkins, Paul, 306
Hornestay, David, 476
Horowitz, Adam, 478n4
Hoskisson, Robert E., 68
Hosmer, LaRue Tone, 376, 395n47, 395n50, 396n62
House, Robert J., 51n47, 199, 202n34, 242n67, 396n71
Howard, Jack L., 515n64
Howard, Jennifer M., 85, 475
Howe, Peter J., 479n52
Howell, Jane M., 438n40
Howitt, Arnold, 195
Hrebiniak, Lawrence G., 85n4, 284n62, 479n47
Hsu, Cheng-Kuang, 354n43
Huber, George P., 402, 514n10
Huey, John, 50n27
Hughes, Michael D., 202n34
Hull, Frank M., 284n39, 284n64
Hult, G. Tomas M., 437n19
Hurd, Mark, 442
Hurley, Robert F., 437n19
Hurst, David K., 29, 50n43, 196
Huxley, Stephen J., 479n36
Hymowitz, Carol, 133n43, 396n58, 515n46

I

Iacocca, Lee, 95, 132n13
Ihlwan, Moon, 167n1, 167n2
Immelt, Jeffrey, 261, 385, 406
Indik, B. P., 354n47
Ingrassia, P., 241n54
Ioannou, Lori, 396n52
Ip, Greg, 49n8, 515n49
Ireland, R. Duane, 68
Issack, Thomas F., 478n24
Ito, Jack K., 285n75

J

Jackson, Janet, 145
Jackson, Terence, 397n101
Jacob, Rahul, 132n28
Jacobs, Robert W., 440n88
Jaffe, Greg, 50n40, 86n18, 478n18
Jagger, Mick, 7
James, Jene G., 396n84
James, John H., 390
James, T. F., 355n48
Janis, Irving L., 449, 478n20
Jarman, Beth, 354n28, 354n33
Jarvis, Mark, 94
Javidan, Mansour, 168n46, 242n67
Javier, David, 236–239
Jelinek, Mariann, 439n77
Jemison, David B., 168n27, 169n54, 169n58
Jenkins, Samantha, 236
Jennings, Daniel F., 438n39
Jobs, Steve, 223, 327, 329–330, 340
Jobson, Tom, 318n57
Johne, F. Axel, 438n53
Johnson, David W., 507
Johnson, Frank P., 507
Johnson, Homer H., 396n52, 397n104
Johnston, Marsha, 49n13
Jolly, Adam, 186
Jones, Althea, 283n21
Jones, Dr. John W., 199–200
Jones, Jerry, 451
Jones, Kathryn, 256
Jonsson, Ellen, 345, 355n81
Joyce, Kevin E., 86n15
Joyce, William F., 66
Judge, Paul C., 372
Judy, Richard W., 49n12, 397n96
Jung, Dong I., 440n95
Jurkovich, Ray, 167n17

K

Kacmar, K. Michele, 515n64
Kahn, Jeremy, 49n1, 203n59
Kahn, Kenneth B., 439n61, 439n67
Kahn, Robert L., 514n22
Kahwajy, Jean L., 514n3
Kalin, Sari, 318n69
Kanigel, Robert, 50n34
Kanter, Rosabeth Moss, 514n25, 515n38, 516n84
Kaplan, Abraham, 514n22
Kaplan, David, 132n27
Kaplan, Robert S., 297, 317n27, 317n28
Karnitschnig, Matthew, 240n1, 240n3, 241n46
Kasarda, John D., 354n46
Katel, Peter, 51n46
Kates, Amy, 132n16
Katz, Ian, 169n60, 241n50
Katz, Nancy, 285n76
Kawamoto, Wayne, 317n33
Kearns, David, 3–4
Kee, Micah R., 394n14, 395n41
Keegan, Paul, 167n3
Keenan, Faith, 439n64
Keeney, Ralph L., 478n13
Kegler, Cassandra, 397n105
Keidel, Robert W., 285n76
Kelleher, Herb, 342
Kelleher, Kevin, 317n11
Keller, Robert T., 285n68, 285n69
Kelly, Kate, 515n49
Kelly, Kevin, 168n50, 201n15, 240n28, 379, 396n63

Kennedy, Allan A., 395n15, 395n20
Kenny, Jim, 492
Keon, Thomas L., 354n43
Kerr, Steve, 440n90
Kerwin, Kathleen, 132n20, 133n51, 438n48, 480n70
Kessler, Eric H., 437n25
Kets de Vries, Manfred F. R., 241n45
Kharif, Olga, 49n1
Kidman, Nicole, 466
Kiechel, Walter III, 132n18
Killman, Ralph H., 438n25
Kim, Linsu, 437n23
Kim, Myung, 355n75
Kimberly, John R., 354n26, 354n31, 354n41, 439n70
King, Jonathan B., 515n41
King, Neil Jr., 240n7, 241n51
King, Thomas R., 479n57
Kinkead, Gwen, 396n68
Kirkoff, Miss, 81–82
Kirkpatrick, David, 167n12, 168n19
Kirsch, Laurie J., 355n73
Kirsner, Scott, 284n53, 395n38, 437n8
Kisner, Matthew, 371
Klein, Gary, 478n23
Kleiner, Art, 478n19
Kleist, Robert A., 251
Kline, S. M., 284n62
Knecht, G. Bruce, 511
Knight, Gary A., 437n19
Knight, Phil, 329–330
Koberg, Christine S., 168n18
Koch, Christopher, 317n18, 318n59
Kochan, Thomas A., 514n6, 514n10
Koenig, Richard, 272, 285n75
Kohlberg, L., 396n61
Kolb, David A., 514n7
Kolde, Jeff, 411
Kolodny, Harvey, 285n77
Könen, Roland, 65
Konicki, Steve, 439n65
Kontzer, Tony, 318n46, 318n54
Koogle, Tim, 505
Koslow, Linda, 447
Kotter, John P., 85n3, 169n53, 169n64, 372, 374, 394n11, 395n43, 401, 437n2, 437n18, 440n100, 440n103, 440n109, 445
Koza, Mitchell P., 201n18
Kramer, Barry, 354n39
Kramer, Robert J., 217, 241n37, 241n40, 241n41, 241n43, 241n44, 241n61
Kranhold, Kathryn, 394n3, 395n23
Kreuze, Jerry G., 397n97
Kripalani, Manjeet, 49n5
Kruse, Howard, 103
Kruse, Paul, 103
Kuemmerle, Walter, 235
Kueng, Thomas K., 201n20
Kumar, Parmod, 515n64
Kupfer, Andrew, 167n14
Kurschner, Dale, 396n52

L

LaBarre, Polly, 50n41
Lachman, Ran, 515n29, 515n53
Lafley, A. G., 415
Lagnado, Lucette, 515n62
Land, George, 354n28, 354n33
Landers, Peter, 438n33
Landler, Mark, 167n11
Lang, James R., 169n62
Langley, Ann, 479n31
Langley, Monica, 515n35
Langly, Peter, 351–352
Lansing, Shery, 453
LaPotin, Perry, 479n55
Larson, Erik W., 133n38, 515n41
Lashinsky, Adam, 241n53, 317n21, 354n30
Lasswell, Mark, 478n4
Latour, Almar, 169n55
Lau, James B., 278
Law, Andy, 428
Law, Jude, 466
Lawler, Edward E. III, 284n52, 285n84
Lawrence, Anne T., 355n79, 392
Lawrence, Lisa, 512
Lawrence, Paul R., 132n21, 133n37, 133n39, 150–151, 168n38, 168n39, 168n41, 351, 370, 395n37, 440n108, 514n13, 514n14, 516n87
Lawrence, Tom, 390–391
Lawson, Emily, 133n60
Lawson, M. T., 432, 434–435
Lazere, Cathy, 297, 317n28, 355n51, 355n58
Lazurus, Shelly, 142
Leatt, Peggy, 285n68
Leavitt, Harold J., 479n35, 479n40
Leblebici, Huseyin, 168n49
Lee, C. A., 515n51
Lee, Jean, 242n71
Lee, Louise, 480n59
Lee-Young, Joanne, 318n72
Legare, Thomas L., 132n22
Lei, David, 240n19, 240n20, 283n37, 284n40, 284n41
Leifer, Richard, 355n70, 355n73, 438n28
Lengel, Robert H., 285n67
Lennox, Annie, 55
Leo, Anthony, 189
Leonard, Devin, 167n15
Leonard, Dorothy, 438n54
Leonhardt, David, 439n66
Leslie, Keith, 133n60
Letts, Christine W., 50n16
Leung, Shirley, 241n52
Levere, Jane L., 240n4
Levering, Robert, 51n45, 87n48
Levine, David I., 438n31
Levinson, Arthur, 188
Levinson, Meridith, 317n12
Lewin, Arie Y., 57, 201n18
Lewins, Lisa A., 316n1
Lewis, Virginia L., 354n26
Lewyn, Mark, 201n18
Lieberman, David, 133n55
Likert, Rensis, 74, 87n45
Likona, T., 396n61
Lindblom, Charles, 478n7
Linder, Jane C., 133n50, 133n55
Lioukas, Spyros K., 354n47
Lippitt, G. L., 331
Litterer, J. A., 168n20
Litva, Paul F., 438n52
Liu, Michele, 285n77
Lockhart, Daniel E., 169n62
Loewenberg, Samuel, 167n9
Lohr, Steve, 354n45, 395n29
Loomis, Carol J., 478n2
Lorange, Peter, 355n78
Lorsch, Jay W., 132n21, 150–151, 168n38, 168n39, 168n40, 168n41, 370, 395n37, 514n13, 514n14, 516n87
Louis, Meryl Reise, 87n46
Love, John F., 169n57
Loveman, Gary, 292, 317n12
Low, Lafe, 516n67
Lowry, Tom, 241n53
Lublin, Joann S., 49n6, 240n32, 478n2
Luebbe, Richard L., 284n43
Lukas, Paul, 438n51
Lumpkin, James R., 438n39
Lumsden, Charles J., 202n34
Lundburg, Craig C., 87n46
Lundegaard, Karen, 514n8
Lunsford, J. Lynn, 86n17, 439n60
Luqmani, Mushtaq, 397n97
Luqmani, Zahida, 397n97
Lustgarten, Abrahm, 283n31
Luthans, Brett C., 356n85
Lyles, Marjorie A., 478n25, 478n26
Lynn, Gary S., 439n61

M

Mabert, Vincent A., 317n37
Macintosh, Norman B., 264, 284n63, 284n65, 285n67, 295, 317n19, 317n26
Mack, David A., 354n29
Mack, John, 482
Mack, Toni, 132n27
Madhavan, Ravindranath, 201n4
Madison, Dan L., 515n63, 516n69
Madsen, Peter, 396n84
Magnet, Myron, 180, 201n26, 201n27, 201n28
Main, Jeremy, 259, 284n39
Mainardi, Cesare R., 240n32, 240n33
Makhija, Mahesh, 317n41
Malesckowski, Jim, 436
Malkin, Elisabeth, 169n60, 241n50
Mallak, Larry, 394n13
Mallett, Jeffrey, 505
Mallory, Maria, 202n43
Malone, Michael S., 437n5
Malone, Thomas W., 92
Mandal, Sumant, 240n2
Mang, Wayne, 197–198
Manly, Lorne, 241n53, 241n62, 515n44
Mannari, Hiroshi, 354n43
Mannix, Elizabeth A., 49n3
Mansfield, Edwin, 413, 438n52
Manz, Charles C., 318n45
March, James G., 456, 463, 479n43, 479n45, 479n54
March, Robert M., 354n43
Marchington, Mick, 180, 201n27, 201n31
Marcic, Dorothy, 38, 80, 85, 126, 164, 195, 239, 278, 351–352, 389, 394, 430, 475
Marcoulides, G. A., 395n40
Maremont, Mark, 169n58
Margulies, Newton, 284n44
Marineau, Philip, 178
Markels, Alex, 478n3
Markkula, A. C., 327
Markoff, John, 133n36, 354n45
Marple, David, 202n42
Marquis, Christopher, 396n56
Marr, Merissa, 133n34, 241n53, 478n5
Martin, Joanne, 87n46, 395n21
Martin, Lockheed, 397n87
Martinez, Barbara, 515n62
Martinez, Richard J., 202n52
Masarech, Mary Ann, 395n39
Mason, Julie Cohen, 169n56
Masuch, Michael, 479n55
Mathews, Anna Wilde, 479n53
Matlack, Carol, 240n23, 241n42, 479n52
Matthews, J. A., 133n52
Maurer, John G., 515n64, 516n67, 516n78
Mauriel, John J., 395n27
Mayer, John, 55
Mayer, Marissa, 403
Mayes, Bronston T., 515n63
Mayo, Andrew, 317n42, 317n44
Mazurek, Gene, 304
McCowan, Sandra M., 479n38
McAfee, R. Bruce, 86n7
McAllaster, Craig, 394n9, 395n25
McCann, Joseph E., 168n23, 404, 437n7, 514n17, 516n94, 516n95
McCartney, Scott, 440n101
McCauley, Lucy, 86n38, 87n43
McClain, John O., 202n42
McClenahen, John S., 283n19
McClure, Steve, 186
McCormick, John, 438n29
McCracken, Mike, 317n23

McDermott, Richard, 318n48
McDonald, Duff, 284n48
McDonough, Edward F. III, 438n28, 439n67
McFarlin, Dean B., 516n72
McGeehan, Patrick, 353n12
McGregor, Jena, 356n88, 480n60
McIntyre, James M., 514n7
McKelvey, Bill, 202n34
McKinley, William, 203n57, 355n83, 356n84, 438n32
McLaughlin, Kevin J., 133n56, 240n28, 437n5
McLean, Bethany, 514n1, 515n48
McMath, Robert, 438n51
McMillan, Charles J., 479n34, 480n58
McNamee, Mike, 514n9
Meehan, Sean, 316n1, 318n64
Meinhard, Agnes G., 202n42
Melcher, Richard A., 168n33, 354n22, 479n46
Melnyk, Steven A., 318n56
Melton, Rhonda, 153
Meredith, Jack R., 258, 283n21, 284n38
Merrell, V. Dallas, 516n76
Merrifield, D. Bruce, 437n23
Merrion, Paul, 50n28
Messick, David M., 396n66
Metters, Richard, 284n54
Metzger, John, 176
Meyer, Alan D., 68, 402, 437n13
Meyer, J., 202n47
Meyerson, Debra E., 49n13
Miceli, Marcia P., 396n82, 396n84
Michaels, Clifford, 236
Michaels, Daniel, 439n60
Michener, James, 39
Micklethwait, John, 12
Micossi, Anita, 355n65, 355n67
Middaugh, J. Kendall II, 317n26
Migliorato, Paul, 284n49
Milbank, Dana, 167n5
Miles, G., 133n52, 133n56
Miles, Raymond E., 65, 68, 79–80, 86n26, 133n52, 241n45, 355n66, 439n69
Miles, Robert H., 354n26, 354n31
Miller, Danny, 354n26, 355n76
Miller, David, 318n55, 318n71
Miller, Karen Lowry, 49n13
Miller, Larry, 85
Miller, Lawrence M., 475
Miller, Scott, 240n12
Miller, William, 317n44
Milliken, Frances J., 168n18
Mills, Peter K., 284n44, 355n70, 355n73
Milward, H. Brinton, 201n25
Mintzberg, Henry, 16, 37, 50n24, 85n3, 132n24, 458–460, 478n23, 479n48, 479n50, 480n61
Mirvis, Philip H., 440n108
Miser, Hugh J., 479n35
Mishra, Aneil K., 367, 395n28
Mitroff, Ian I., 478n25
Mizruchi, Mark S., 169n62
Moberg, Dennis J., 284n44
Moch, Michael K., 439n70
Moeller, Michael, 132n31
Mohr, Lawrence B., 283n5
Mohrman, Susan Albers, 439n77
Molloy, Kathleen, 440n96
Montanari, John R., 168n27
Montgomery, Kendyl A., 440n93
Monticup, Peter, 309
Moore, Ethel, 315
Moore, James, 172, 201n3, 201n6
Moore, Larry F., 87n46
Moore, Pamela L., 49n1
Moore, Thomas, 202n38
Morgan, Gareth, 316
Morgan, Ronald B., 396n70
Morgan, Roy, 84
Morgenson, Gretchen, 396n54
Morouney, Kim, 126
Morris, Betsy, 256, 356n90
Morris, James R., 356n85
Morrison, Jim, 284n57
Morse, Dan, 240n10
Morse, Edward V., 439n70
Moskowitz, Milton, 51n45, 87n48
Mouton, Jane S., 507, 516n86, 516n87, 516n91, 516n93
Mueller, Robert, 383
Mulcahy, Anne, 5, 17, 49n1
Muldrow, Tressie Wright, 395n42
Mullaney, Timothy J., 133n31, 318n61
Muller, Joann, 168n19, 168n36, 514n9
Muoio, Anna, 355n69
Murphy, Elizabeth A., 396n52, 396n53
Murphy, Patrice, 440n90
Murray, Alan, 353n11
Murray, Hugh, 285n83
Murray, Matt, 353n5, 356n87
Murray, Victor V., 515n63, 516n70
Musetto, V. A., 479n56
Muson, Howard, 201n4, 201n22
Mutzabaugh, Ben, 372

N

Nadler, David A., 101, 132n8, 247, 437n3
Nagl, Major John, 28
Narasimhan, Anand, 176
Narayanan, V. K., 439n63
Naughton, Keith, 132n20
Nayeri, Farah, 169n65
Neale, Margaret A., 275, 285n80, 356n84
Neale-May, Donovan, 176
Near, Janet P., 396n82, 396n84
Neeleman, David, 31, 372
Neilsen, Eric H., 514n13, 514n18, 516n94, 516n95
Nelson, Bob, 356n86
Nelson, Katherine A., 395n44, 395n51, 396n72, 396n80
Nelson, Robert T., 355n78
Nemetz, Patricia L., 259, 284n39
Neumer, Alison, 133n55
Newcomb, Peter, 202n39
Newman, William H., 354n28
Nicholas O'Regan, 395n40
Nickell, Joe Ashbrook, 317n12
Nielsen, Richard P., 396n83, 479n47
Noble, Ron, 320
Nohria, Nitin, 66, 241n36, 241n65, 303, 318n53
Nolan, Sam, 315
Nonaka, Ikujiro, 318n49
Nord, Walter R., 201n34, 202n53
Nordlinger, Pia, 168n32
Norman, Patricia M., 202n52
Northcraft, Gregory B., 275, 284n52, 285n80, 356n84
Norton, David P., 297, 317n27, 317n28
Novak, William, 132n13
Novicevic, Milorad M., 478n23
Nugent, Patrick S., 516n92
Nutt, Paul C., 478n20, 479n32, 479n34, 480n62
Nystrom, Paul C., 514n17

O

O'Brien, Kevin J., 86n24
O'Connor, Edward J., 283n17, 283n22, 284n40
O'Dell, Carla S., 318n52
O'Flanagan, Maisie, 133n35
Ohmae, Kenichi, 240n29
O'Leary, Michael, 64
Oliver, Christine, 200n2, 201n19
Olsen, Johan P., 463, 479n54
Olsen, Katherine, 432, 436
Olve, Nils–Göran, 317n30
O'Mahony, Siobhan, 318n68, 318n70
O'Neal, Stan, 503
O'Neill, Regina M., 87n52
O'Regan, Nicholas, 395n26
O'Reilly, Charles A. III, 437n3, 437n25, 438n26, 438n27, 438n36, 440n98
Orlikowski, Wanda J., 283n9
Osborne, Richard, 396n77
Ostroff, Cheri, 87n46
Ostroff, Frank, 115–116, 119, 132n6, 132n25, 133n48, 133n49, 133n59
O'Sullivan, Kate, 201n11
Ouchi, Monica Soto, 85n1
Ouchi, William C., 132n9
Ouchi, William G., 339, 349–350, 355n61, 355n68
Overby, Stephanie, 318n67

P

Pacanowsky, Michael, 478n11
Pace, Stan, 439n80
Pacelle, Mitchell, 396n74
Padsakoff, Philip M., 355n59
Page, Larry, 327
Paine, Lynn Sharp, 396n59
Palmer, Donald, 169n61
Palmisano, Sam, 368
Paltrow, Gwyneth, 466–467
Parise, Salvatore, 318n55, 318n71
Park, Andrew, 514n9
Parker, Warrington S. Jr., 439n81
Parloff, Roger, 396n67
Parsons, Michael, 186
Parsons, T., 354n37
Pascale, Richard T., 50n39
Pasmore, William A., 273, 285n81, 285n83, 285n85, 285n87, 396n59
Pasternack, Bruce A., 311, 316n5
Patil, Prabhaker, 89
Patteson, Jean, 85n1
Patton, Susannah, 317n20, 317n40
Peabody, Robert L., 515n34
Pearce, Joan L., 479n44
Pearce, John, 86n6
Pearce, John A. II, 439n62
Peers, Martin, 479n53
Pellegrino, James, 440n96
Peng, T. K., 242n72
Penney, J.C., 159
Pennings, Johannes M., 50n36, 202n42, 515n51, 515n52
Pentland, Brian T., 284n56
Perdue, Arthur W., 39
Perdue, Franklin Parsons, 39, 41–44, 49
Perdue, James A. (Jim), 39, 41, 47, 49
Pereira, Joseph, 86n14, 396n56
Perez, Bill, 330
Perot, Ross, 326
Perrow, Charles, 86n11, 86n39, 264, 276, 283, 283n4, 284n55, 353n2, 494, 515n50
Persaud, Joy, 394n6
Peters, Thomas J., 396n75, 438n43
Peters, Tom, 41, 353n3
Peterson, Richard B., 285n75
Petri, Carl-Johan, 317n30
Petrock, F., 367, 395n28
Pettigrew, Andrew M., 492, 515n42, 515n59
Petzinger, Thomas Jr., 51n46, 153, 201n5

Pfeffer, Jeffrey, 168n48, 169n53, 201n12, 284n62, 495, 514n19, 514n23, 515n33, 515n40, 515n51, 515n52, 515n55, 515n56, 515n57, 516n66, 516n68, 516n74, 516n79, 516n82
Pheysey, Diana, 283n5, 283n7
Pickard, Jane, 241n59
Pierce, John L., 437n11
Pil, Frits K., 353n13
Pinchot, Elizabeth, 355n52
Pinchot, Gifford, 355n52
Pincus, Laura B., 241n38
Pine, B. Joseph II, 283n32
Pinelas, May, 196
Pinfield, Lawrence T., 479n49
Pitcher, Al, 476–477
Pitts, Robert A., 241n39
Pla-Barber, José, 241n35
Plafker, Ted, 169n65
Plana, Efren, 332
Pollack, Andrew, 167n8
Pondy, Louis R., 438n25, 514n18
Pool, Robert, 355n56
Porras, Jerry, 86n10
Port, Otis, 240n28, 258
Porter, Benson L., 439n81
Porter, Lyman W., 479n44, 515n63
Porter, Michael E., 63, 65, 68, 79–80, 86n20, 86n21, 86n25, 240n16
Posner, Richard A., 336
Post, James E., 395n49
Potter, Donald V., 353n7
Poulos, Philippos, 264
Powell, Bill, 438n29
Powell, Thomas C., 168n46
Powell, Walter W., 202n54, 202n55
Power, Christopher, 438n48, 480n70
Poynter, Thomas A., 213, 241n36
Prahalad, C. K., 440n98
Preston, L. E., 50n29
Prewitt, Edward, 133n40
Price, Ann, 450
Price, James L., 86n37
Price, Jorjanna, 132n27
Priem, Richard L., 87n44, 133n56, 169n70, 240n28, 437n5
Prince, Charles, 381–382, 384
Pringle, David, 167n1
Provan, Keith G., 201n25
Prusak, Laurence, 394n4, 515n41
Pugh, Derek S., 50n26, 201n13, 202n35, 202n54, 202n55, 283n5, 283n7
Purcell, Philip J., 482–483, 493
Purdy, Lyn, 284n40

Q

Questrom, Allen, 369
Quick, James Campbell, 354n29
Quinn, E., 510
Quinn, J., 440n89
Quinn, James Brian, 437n16
Quinn, Robert E., 75–76, 87n51, 87n52, 87n53, 327, 331, 354n27, 367, 395n28
Quittner, Josh, 354n32

R

Raghavan, Anita, 394n3, 395n23, 514n1
Rahim, M. Afzalur, 514n6
Raia, Anthony, 86n12
Raisinghani, Duru, 479n48
Rajagopalan, Nandini, 479n34
Rancour, Tom, 317n23
Randolph, W. Alan, 132n26, 133n41, 284n65, 285n67
Ranson, Stuart, 132n5
Rapaport, J., 413, 438n52
Rappaport, Carla, 241n45
Rasheed, Abdul M. A., 133n56, 169n70, 240n28, 437n5, 479n34
Raskin, Andrew, 201n30
Raven, Bertram, 515n28
Rawls, Jim, 165–166
Ray, Michael, 354n28
Rayport, Jeffrey F., 438n54
Rebello, Kathy, 201n18
Recardo, Ronald, 440n96
Reed, Michael, 202n34
Reed, Stanley, 133n45
Reese, Shelley, 45
Reichheld, F. F., 260
Reimann, Bernard, 354n43
Reinhardt, Andy, 49n9, 167n1, 167n2, 318n64
Reinwald, Brian R., 478n23
Renwick, Patricia A., 515n63
Rhodes, Robert, 236
Rhodes, Sean, 237
Richards, Bill, 305, 317n7
Richards, Jenna, 434
Richards, Keith, 7
Richardson, Peter, 440n105
Rickey, Laura K., 240n14
Rigby, Darrell, 61
Riggs, Henry E., 479n36
Ring, Peter Smith, 169n53, 201n27
Ringbeck, Jürgen, 167n3
Rinzler, Alan, 354n28
Ripon, Jack, 436
Robbins, Carla Anne, 478n18
Robbins, Paul, 434–435
Robbins, Stephen P., 285n78
Roberson, Bruce, 66
Roberto, Michael A., 480n66
Roberts, Karlene H., 355n55, 355n57
Robinson, Alan G., 437n4
Robinson, Jim, 84
Robson, Ross, 255
Rogers, Everett M., 440n102
Rogers, L. Edna, 168n43
Rohrbaugh, John, 75–76, 87n51
Roland, Dr. P. W., 199–200
Rolfe, Andrew, 263
Romanelli, Elaine, 354n28
Romani, John H., 86n36
Romm, Tsilia, 516n67
Rose, Jim, 240n2
Rose, Pete, 273
Rosenberg, Geanne, 395n48
Rosenberg, Jonathan, 403
Rosenberg, Tina, 354n38
Rosenthal, Jack, 355n53
Rosenthal, Jeff, 395n39
Ross, Jerry, 480n72, 480n73
Roth, Daniel, 167n12, 168n19, 354n35
Rothman, Howard, 317n22
Roure, Lionel, 438n45
Rousseau, Denise M., 51n47
Rowan, B., 202n47
Rowley, Colleen, 383
Roy, Jan, 317n30
Roy, Sofie, 317n30
Rubenson, George C., 39
Rubin, Irwin M., 514n7
Ruddock, Alan, 86n22
Ruekert, Robert W., 514n7
Rundall, Thomas G., 202n42
Rushing, William A., 283n4, 354n43
Russel, Archie, 197
Russell, David O., 466
Russo, J. Edward, 478n9
Russo, Michael V., 87n42
Rust, Kathleen Garrett, 203n57
Ryan, William P., 50n16

S

Sabrin, Murray, 169n55
Sachdeva, Paramijit S., 514n22, 515n32, 515n47
Safayeni, Frank, 284n40
Safra, Joseph, 457
Salancik, Gerald R., 168n48, 168n49, 201n12, 495, 514n23, 515n51, 515n52, 515n56, 515n57
Sales, Amy L., 440n108
Salsbury, Stephen, 132n7
Salter, Chuck, 132n1, 153, 353n1
Salva, Martin, 240n32, 240n33
Sanchez, Carol M., 355n83, 356n84
Sanderson, Muir, 240n32, 240n33
Santana, Carlos, 55
Santosus, Megan, 315, 317n13
Sanzgiri, Jyotsna, 440n94
Sapsford, Jathon, 437n1
Sarason, Yolanda, 87n42
Sarni, Vic, 381
Sasser, W. E. Jr., 260
Sauer, Patrick J., 395n36
Saunders, Carol Stoak, 515n53
Sawhney, Mohanbir, 240n2
Sawka, Kenneth A., 168n33
Sawyer, John E., 437n14
Scannell, Kara, 49n6
Scarbrough, H., 285n87
Schay, Brigitte W., 395n42
Scheer, David, 397n98
Schein, Edgar H., 394n8, 394n11, 440n106, 514n5
Schick, Allen G., 355n83, 356n84
Schiller, Zachary, 168n50, 169n58, 201n15, 240n28
Schilling, Melissa A., 133n50, 133n52, 439n60
Schlender, Brent, 50n20, 50n21, 201n3, 354n32, 437n6
Schlesinger, Leonard A., 440n103, 440n109
Schlosser, Julie, 168n31, 317n10, 479n39
Schmenner, Roger W., 284n52
Schmidt, Eric, 328
Schmidt, Stuart M., 514n6
Schmidt, W. H., 331
Schmitt, Neal, 87n46
Schneck, R. E., 515n51, 515n52
Schneck, Rodney, 285n68
Schnee, J., 413, 438n52
Schneider, Benjamin, 260, 284n44
Schneider, S. C., 397n99
Schneider, Susan, 242n68
Schoemaker, Paul J. H., 478n9, 479n34
Schoenherr, Richard A., 284n64, 354n47
Schon, D., 316
Schonberger, R. J., 283n3
Schonfeld, Erick, 283n35, 284n47, 437n20
Schooner, Steven L., 396n85
Schoonhoven, Claudia Bird, 439n77
Schrempp, Jürgen, 96
Schroeder, Dean M., 283n14, 283n17, 437n4
Schroeder, Roger G., 395n27
Schuler, Randall S., 393
Schultz, Howard, 55, 451
Schulz, Martin, 318n51
Schwab, Chuck, 348
Schwab, Les, 361
Schwab, Robert C., 168n29
Schwadel, Francine, 478n15
Scott, B. R., 331
Scott, Susanne G., 430
Scott, W. Richard, 191, 202n46, 202n55
Sculley, John, 329
Sears, Michael, 161
Seibert, Cindy, 354n40
Seiler, John A., 351
Sellen, Abigail J., 302
Sellers, Patricia, 438n57, 515n37
Selsky, John, 168n23
Serwer, Andy, 7, 85n1, 256, 514n1, 515n48
Seubert, Eric, 317n41
Shafritz, Jay M., 396n84
Shane, Scott, 355n54
Shani, A. B., 278
Shanley, Mark, 50n29, 50n33

Shapiro, Benson S., 485, 514n11
Sharfman, Mark P., 478n17, 516n65
Sharma, Drew, 309
Shea, Gordon F., 395n44
Shein, Esther, 317n35
Shepard, Herbert A., 516n91, 516n93
Sherif, Muzafer, 514n5, 516n95
Sherman, Stratford P., 240n21, 355n71, 440n102
Shetty, Y. K., 72, 86n40
Shilliff, Karl A., 84
Shipper, Frank M., 39
Shipton, L. K., 434
Shirouzu, Norihiko, 240n12, 437n1
Shleifer, Andrei, 242n71
Shoemaker, Floyd, 440n102
Shonfeld, Erick, 394n5
Shoorman, F. David, 169n61
Shostack, G. Lynn, 284n44
Sibley, Miriam, 268
Siebert, Al, 347
Siehl, Caren, 260, 284n44
Siekman, Philip, 50n19, 133n51, 201n33, 283n11
Siklos, Richard, 240n24
Silveri, Bob, 318n57
Simon, Bernard, 132n1
Simon, Herbert A., 456, 478n8, 478n21, 479n43
Simons, Robert, 317n16
Simpson, Curtis, 390
Sinatar, Marsha, 438n44
Singer, Andrew W., 396n70
Singh, Jitendra V., 201n34–202n34, 202n42
Sirower, Mark L., 202n56
Skarzynski, Peter, 440n98
Skrabec, Quentin R., 396n52
Slater, Derek, 317n36, 317n38
Slevin, Dennis, 438n25
Slocum, John W. Jr., 240n19, 240n20, 275, 285n80, 354n46, 395n18
Slywotzky, Adrian, 353n9
Smircich, Linda, 394n7
Smith, Geoffrey, 168n33
Smith, Geri, 169n65
Smith, Ken G., 201n19
Smith, Ken K., 514n4
Smith, N. Craig, 395n49
Smith, Orin, 55
Smith, Randall, 514n1, 516n81
Smith, Rebecca, 49n6
Snell, Scott A., 241n58
Snelson, Patricia A., 438n53
Snow, Charles C., 65, 68, 79–80, 85n4, 86n26, 133n52, 133n56, 241n45, 241n58, 241n60
Snyder, Naomi, 168n37
Socrates, 310
Solo, Sally, 168n26
Solomon, Charlene Marmer, 241n57
Sommer, Steven M., 356n85
Song, Gao, 479n38
Soni, Ashok, 317n37
Sorenson, Ralph Z., 41
Sorkin, Andrew Ross, 241n53, 241n62, 515n44
Sparks, Debra, 240n18, 240n26, 240n27
Spears, Britney, 369
Spender, J. C., 437n25
Spindler, Michael, 329
Spragins, Ellyn, 450
Sprague, John L., 439n79
Stace, Doug A., 440n109
Stagner, Ross, 479n27
Stalker, G. M., 151, 168n42, 437n23
Stam, Antonie, 485, 514n11
Stamm, Bettina von, 439n57, 439n58
Stanton, Steve, 133n46
Starbuck, William H., 514n17
Starkey, Ken, 394n7
Staw, Barry M., 169n72, 203n58, 285n67, 438n44, 480n72, 480n73, 514n18
Staw, M., 396n76
Stearns, Timothy M., 201n20
Steensma, H. Kevin, 133n50, 133n52
Steers, Richard M., 33, 86n33, 126
Steinberg, Brian, 167n15
Steiner, Gary A., 437n16
Stempert, J. L., 87n42
Stephens, Carroll U., 57
Sterling, Bill, 39
Stern, Robert N., 50n18
Stevenson, William B., 479n44
Stewart, Doug, 516n91
Stewart, James B., 478n2
Stewart, Martha, 8
Stewart, Thomas A., 115, 355n50, 437n21, 478n23, 479n29
Stickley, Ewan, 263
Sting, 55
Stipp, David, 202n45
Stires, David, 202n41
Stodder, Seth M. M., 168n24
Stodghill, Ron II, 169n58
Stoelwinder, Johannes U., 86n12
Stone, Sharon, 369
Stonecipher, Harry, 75
Strakosch, Greg, 370
Strasser, Steven, 86n36
Stringer, Sir Howard, 223, 225, 493
Stross, Randall, 241n53
Strozniak, Peter, 283n30
Stymne, Benjt, 285n77
Suarez, Fernando F., 283n16
Suchman, Mark C., 86n8, 202n48
Summer, Charles E., 280, 432
Sun, David, 382
Surowiecki, Janes, 480n67
Susman, Gerald I., 285n79
Sutton, Charlotte B., 395n15, 395n20
Sutton, Robert I., 169n72, 355n79, 437n16
Svezia, Chris, 149
Swanson, Sandra, 318n58
Symonds, William C., 169n65, 390, 479n52
Szwajkowski, Eugene W., 169n72, 395n49

T

Tabrizi, Behnam N., 439n62
Taft, Susan H., 375, 395n45
Takahashi, Toshihiro, 261
Takeuchi, Hirotaka, 318n49
Talbert, Wayne, 196
Taliento, Lynn K., 133n35
Tam, Pui-Wing, 479n46
Tan, Cheryl Lu-Lien, 153
Tanouye, Elyse, 132n29
Tansik, David A., 284n50
Tapscott, Don, 133n54
Taris, Toon W., 396n71
Tatge, Mark, 283n34
Taylor, Alex III, 86n14, 201n21
Taylor, Christopher, 352
Taylor, Frederick Winslow, 25
Taylor, Saundra, 352
Taylor, William, 241n45
Teahen, John K., 87n41
Teece, David J., 133n57, 439n70
Teitelbaum, Richard, 86n23
Teja, Salim, 240n2
Terry, Paul M., 514n3
Tetenbaum, Toby J., 50n37, 50n39
Théorêt, André, 479n48
Thoman, Richard, 4–5
Thomas, Fred, 511–512
Thomas, Howard, 478n26
Thomas-Hunt, Melissa, 51n47
Thomas, Kenneth, 514n6
Thomas, Landon Jr., 397n92, 514n1
Thomas, Mark, 196
Thomas, Owen, 317n39, 478n4, 478n6
Thompson, James D., 50n23, 86n19, 168n25, 269–271, 283n7, 285n71, 437n24, 480n58, 514n15
Thompson, Joe, 291
Thompson, P. J., 208
Thompson, Ronald L., 284n60
Thornton, Emily, 241n53
Tichy, Noel M., 515n47
Tierney, Thomas, 303, 318n53
Timmons, Heather, 353n12, 355n82
Tjosvold, Dean, 516n96
Todor, William D., 355n59
Toffler, Barbara Ley, 396n86
Tolbert, Pamela S., 202n53
Tompkins, Tommy, 196
Townsend, Anthony M., 132n23
Townsend, Robert, 472, 480n71
Toy, Stewart, 169n71
Treacy, Michael, 68
Treece, James B., 168n50, 201n15, 240n28, 353n10
Tretter, Marietta J., 241n39
Treviño, Linda Klebe, 395n44, 395n51, 396n59, 396n72, 396n80, 396n86
Trice, Harrison M., 363, 394n10, 395n19
Trist, Eric L., 167n16, 285n83
Trofimov, Yaroslav, 478n18
Trottman, Melanie, 355n72
Tsujino, Koichiro, 223
Tu, John, 382
Tucci, Joe, 144
Tucker, David J., 202n34, 202n42
Tully, Shawn, 439n78
Tung, Rosalie L., 168n22, 168n46
Turban, Daniel B., 396n55
Turcotte, Jim, 318n57
Turner, C., 50n26
Tushman, Michael L., 101, 132n8, 247, 284n65, 285n69, 354n28, 394n4, 437n3, 437n25, 438n26, 438n27, 438n36, 440n98
Tusi, Anne S., 50n29, 50n31
Tyler, John, 165–166

U

Ulm, David, 439n79
Ulrich, David, 168n48, 202n34, 440n90
Ungson, Gerardo R., 168n18, 168n29
Upton, David M., 285n86
Useem, Jerry, 202n49, 202n51, 353n4

V

Van de Ven, Andrew H., 33, 168n49, 169n53, 201n27, 272, 285n66, 285n67, 285n75
Van Horne, Rick, 304
VanGrunsven, Dick, 254
Vargas, Vincente, 284n54
Vaughan, Ken, 141
Veiga, John F., 129, 165
Venkataramanan, M. A., 317n37
Verschoor, Curtis C., 396n52, 396n53
Vinas, Tonya, 200n1
Vincent, Steven, 180, 201n27, 201n31
Vogelstein, Fred, 403
Volpe, Craig, 118
Voyer, John J., 516n65
Voyle, Susanna, 394n1
Vredenburgh, Donald J., 515n64, 516n67, 516n78
Vroman, H. William, 126

W

Wagner, S., 413, 438n52
Wah, Louisa, 318n47
Wakin, Daniel J., 132n3
Walker, Gordon, 168n49
Walker, Orville C. Jr., 514n7
Walker, Sam, 514n26
Wallace, Doug, 436, 478n12
Wallach, Arthur E., 440n108
Wally, Sefan, 478n22
Walsh, James P., 354n42
Walton, Eric J., 87n49
Walton, Richard E., 285n84, 507, 514n13, 514n16
Walton, Sam, 322
Warner, Fara, 283n29, 403, 438n56
Warner, Melanie, 317n32, 395n30
Warshaw, Michael, 515n30, 515n45
Washington, Major J., 196
Waterman, Robert H. Jr., 396n75, 438n43
Watson, Robert A., 338
Watts, Charlie, 7
Watts, Naomi, 466–467
Waxman, Sharon, 479n56
Weaver, Gary R., 396n86
Webb, Allen P., 396n70
Webb, Bill, 255
Webb, Terry, 283n21
Webber, Ross A., 280
Weber, James, 396n60, 397n91
Weber, Joseph, 132n29, 133n33, 168n33, 169n65, 240n20
Weber, Max, 331, 339, 354n37, 355n62
Wegman, Danny, 61
Wegman, Robert, 61
Weick, Karl E., 86n34, 382, 396n76, 480n69
Weil, Jonathan, 49n6
Weiner, Ari, 235–236
Weisbord, Marvin R., 440n88
Weitzel, William, 345, 355n81
Weldon, William C., 57, 96
Weller, Timothy, 60
Wessel, David, 49n7, 355n64, 479n41
Western, Ken, 168n33
Westley, Frances, 478n23
Wheatcroft, Patience, 394n1
Whetten, David A., 86n34, 87n42, 201n20, 354n31, 355n75
White, Anna, 479n38
White, Donald D., 126
White, Gregory L., 240n12
White, Joseph B., 514n8, 516n90
White, Judith, 375, 395n45
White, Roderick E., 213, 241n36
Whitford, David, 169n69
Whitman, Meg, 295–296, 443, 490
Wholey, Douglas R., 202n34
Wiersema, Fred, 68
Wiginton, John C., 479n42
Wilhelm, Wayne, 284n46
Wilke, John R., 50n33
Williams, Larry J., 355n59
Williams, Loretta, 351–352
Williams, Mona, 189
Williamson, James E., 297, 317n27, 317n28
Williamson, Oliver A., 355n63
Willmott, Hugh, 132n5
Wilson, Ian, 86n9
Wilson, James Q., 353n2, 437n24
Wilson, Joseph C., 3
Winchell, Tom, 195–196
Windhager, Ann, 132n27
Wingfield, Nick, 201n7, 241n50, 479n53
Winters, Rebecca, 354n32
Wise, Jeff, 283n27
Wise, Richard, 353n9
Wiser, Phil, 223
Withey, Michael, 284n59
Wolf, Thomas, 49n15
Wolfe, Richard A., 437n10
Wong, Choy, 516n96
Wood, Ronnie, 7
Woodman, Richard W., 275, 285n80, 285n84, 396n59, 437n14
Woodward, Joan, 248–250, 253, 276, 283n6, 283n10, 28312
Wooldridge, Adrian, 12
Worthen, Ben, 169n66, 514n12
Wozniak, Stephen, 327
Wren, Daniel A., 478n23
Wu, Anne, 440n95
Wylie, Ian, 168n47
Wysocki, Bernard Jr., 49n9, 316n3

X

Xerokostas, Demitris A., 354n47

Y

Yang, Jerry, 505
Yanouzas, John N., 129, 165
Yates, Linda, 440n98
Yee, Amy, 49n1
Yeh, Andrew, 167n1
Yoffie, David B., 169n68
Yoshida, Takeshi, 414
Young, Clifford E., 356n85
Young, Debby, 317n29
Yu, Gang, 479n38
Yukl, Gary, 390
Yuspeh, Alan R., 380, 396n78

Z

Zachary, G. Pascal, 49n11, 169n51, 511
Zald, Mayer N., 494, 515n50
Zaltman, Gerald, 152
Zammuto, Raymond F., 202n44, 283n17, 283n22, 284n40, 355n79
Zander, A. F., 515n28
Zaun, Todd, 240n12
Zawacki, Robert A., 439n85, 439n86, 440n88
Zeitz, Jochen, 65
Zellner, Wendy, 169n58, 169n65, 201n15, 396n64
Zemke, Ron, 284n46
Zhao, Jun, 203n57
Zhou, Jing, 515n64
Zipkin, Amy, 396n79
Zirger, Jo, 438n48
Zmud, Robert W., 439n72, 439n73

Corporate Name Index

A

A. T. Kearney, 100
Abercrombie & Fitch, 311
Acetate Department, 280–282
Acme Electronics, 165–167
Adobe Systems, 409
Advanced Cardiovascular Systems (ACS), 486
AES Corporation, 14, 92
Aetna Inc., 498
Aflac Insurance, 64
AgriRecycle Inc., 47
Ahold USA, 61
Airbus Industrie, 143, 171, 211, 322
Airstar, Inc., 84
AirTran Airways, 6, 146
Akamai Technologies, 60
Albany Ladder Company, 100
Alberta Consulting, 448
Alberto-Culver, 420
Albertson's, 61
Allied Signal, 325, 402
Allstate, 287, 298
ALLTEL, 427
Aluminum Company of America (Alcoa), 506
Amana, 442
Amazon.com Inc., 173–174, 184, 187, 308–309, 368, 488
Amerex Worldwide, 288
America Online (AOL), 158, 222–223, 323, 389, 462
American Airlines, 427
American Axle & Manufacturing (AAM), 245–246
American Express, 322
American Humane Association, 6
American International Group, Inc. (AIG), 491
AMP, 181
Anglian Water, 410
Anheuser-Busch Company, 7, 179, 290–291, 322, 351
Ann Taylor, 311
Apple Computer, 107–108, 137, 173, 222–223, 327–330, 402, 404, 462
Aquarius Advertising Agency, 129–131
Arcelor, 111
Arthur Andersen, 58, 343, 384
ASDA Group, 156, 359
Asea Brown Boveri Ltd. (ABB), 218–220, 296, 340
Asset Recovery Center, 183
AT&T, 157, 184
Athletic Teams, 273
Autoliv AB, 255–256
Averitt Express, 366
Avis Corporation, 472
Avon, 387
A.W. Perdue and Son, Inc., 39

B

Bain & Company, 61
Baldwin Locomotive, 184
Banc One, 156
Barclays Global Investors, 302
Barnes & Noble, 308
Bell Canada, 298
Bell Emergis, 298
Bertelsmann AG, 205
Bethlehem Steel Corp., 25, 111
Biocon, 140
Bistro Technology, 278
Black & Decker, 212
Blackwell Library, 39
Blockbuster Inc., 343
Bloomingdale's, 455
Blue Bell Creameries, Inc., 103–104
BMW, 208, 222, 257
Boardroom Inc., 405
Boeing Company, 60–61, 74–75, 143, 159, 161, 171, 189, 211, 409, 415
Boise Cascade Corporation, 272
Bombardier, 159, 182
Boots Company PLC, 359, 373
Booz Allen Hamilton Inc., 89
Borden, 351
BP, 226, 253
Bristol-Myers Squibb Company, 337
British Airways, 298
Brobeck, Phleger & Harrison LLP, 346
Brown, 432
Brown Printing, 205
BT Labs, 224
Burger King, 187, 484
Business Wire, 288

C

C & C Grocery Stores, Inc., 126–129
Cadillac, 443
CALEB Technologies, 455
Callaway Golf, 174
Canadair, 159
Canada's Mega Bloks Inc., 60
Cannondale Associates, 61
Canon, 4–5, 408
Cardinal Health, 322
CARE International, 95
CareWeb, 298–299
Carroll's Foods, 41
Caterpillar Inc., 220, 328, 372
Cementos Mexicanos (Cemex), 32
Centex Corporation, 337
Century Medical, 315
Chamber of Commerce, 196
Charles Schwab & Company, 343, 347–348
Chase, 156
Chevrolet, 72–73, 158–159
Chicago Board of Trade, 179
Chicago Electric Company, 26
Chicago Mercantile Exchange, 179
Chrysler Corporation, 95, 141, 179, 245, 323
Cigna Insurance, 298
Cingular, 157
Cisco, 183, 346, 389
Cisneros Group, 158
Citibank, 220
Citicorp, 324
Citigroup, 321, 346, 381, 384
Clark, Ltd., 491
ClientLogic, 118
Clorox, 174, 415
CNA Life, 7
Coca-Cola, 14, 69, 206, 210, 212, 322, 337, 443
Cognos, 148
Colgate-Palmolive Company, 217–218, 220, 222, 226
Columbia/HCA Healthcare Corp, 380
Comcast, 118, 173
Compaq, 442
ConAgra, 412
Connect Co., 107
Contact USA, 60
Continental Airlines, 454–455
Corning Glass, 237
Corrugated Supplies, 304, 309
Costco Wholesale, 127
C.V. Starr & Co., 491

D

DaimlerChrysler, 95–96, 141, 321, 323, 343
Dayton/Hudson, 389
Dean Witter Discover & Co., 482–483, 493
Dell Computer Corporation, 7, 9, 222, 251, 256–257
Deloitte Touche, 484
Delphi Corp., 208
Deluca, 43
Denmark's Lego, 60
Deutsche Telecom, 210
Dillard's, 389
Direct TV, 118
Discovery Channel, 489–490
Disney, 311
Dodge, 96
Domino's Pizza, 212
Donnelly Corporation, 192
Dow Chemical, 110, 296
DreamWorks, 443
DuPont Co, 378

E

East Tennessee Healthcorp (ETH), 512
Eaton Corporation, 215, 218
eBay Inc., 11, 26, 65, 92, 184, 295–296, 325–326, 368, 400, 443, 490, 505
Eckerd, 159
Edward Jones, 65
Eileen Fisher, 387
Electrolux, 380, 442
Electronic Data Systems (EDS), 100, 327–328, 420
Eli Lilly & Co., 210, 405, 407
EMC, 144
Emerald Packaging, 379
Emerson Electric, 337
Empire Blue Cross and Blue Shield, 493
Encyclopaedia Britannica, 457–458
Englander Steel, 111–113
Enron Corporation, 8, 58, 161, 189, 343, 360, 365, 379, 384, 419
Esso, 341
Ethics Officer Association, 383
Ethics Resource Center, 383
Eureka Ranch, 409
Exxon, 324

F

Fast-Data, 236
Federal Bureau of Investigation (FBI), 383
Federal Reserve Board, 455
FedEx Corporation, 65, 183
Fiat Auto, 117
Financial Services., 100
Flextronics, 181
Ford Motor Company, 6, 72, 89, 100, 114, 121–122, 141, 156, 171, 184, 207–208, 212, 225, 257, 260, 299, 341, 416, 506
Forrester Research, 314
Four Seasons Hotels, 64, 75
France Telecom SA, 137
Frankfurter Allgemeine Zeitung, 140
Frito-Lay, 152, 299, 351, 412
Fujitsu, 152
Funk & Wagnalls, 457

G

Gap, 455
Gardetto, 409
Gartner Group, 314
Gateway, 389
Gayle Warwick Fine Linen, 206
Genase, 410
Genentech, 188
General Electric (GE), 69, 84, 104, 171–172, 180, 237, 261, 296, 325, 343, 385, 406, 411, 442
General Electric (GE) Salisbury, 114–116
General Mills, 381
General Motors, 59, 72–73, 96, 110, 117, 183–184, 208, 245, 264, 276, 310, 321, 337, 341, 399, 416, 484, 506
General Shale Brick, 141
Genesco, 149
Geo Services International, 211
Gerber, 415
GID, 254
Gilead Sciences, 324
Gillette Company, 212, 461–462
Girl Scouts, 6, 107
GlaxoSmithKline, 323
Global Crossing, 380
GlobalFluency, 176
Goldsmith International, 173
Goldwater, 389
Goodyear, 506
Google, 13–14, 26, 65, 184, 326–327, 368, 401, 403
Governance Metrics International, 377
Gruner + Jahr, 205
Guess, 311
Guidant Corporation, 486
Guiltless Gourmet, 152

H

Häagen Dazs, 416
Halliburton, 384
Haloid Company, 3
Harley-Davidson Motorcycles, 64, 180
Harrah's Entertainment Inc., 292, 298, 455
Harris Interactive and the Reputation Institute, 189, 202
Hasbro, 145
HCA, 498
HealthSouth Corp., 419, 509
Heineken Breweries, 14, 224
Heinz, 337
Hewlett-Packard, 5–6, 107, 173, 251, 442
Hewlett-Packard's Medical Products Group, 98
Hilton Hotels Corp., 298
Holiday Inn, 11, 191
Hollinger International, Inc., 492
Home Depot, 7, 66, 157, 326, 455, 498
Honda Motor Company, 60, 192, 209, 257, 260, 408
Honest Jim, 379
Honeywell Garrett Engine Boosting Systems, 306
Honeywell International, 144
Hudson Foods, 48
Hudson Institute, 386
Hugh Russel Inc., 196–197
Hughes Electronics, 118

I

IBM, 4, 6, 14, 156, 158, 184, 222, 251, 327, 340, 365, 368, 402, 411, 420
ICiCI Bank, 211
IKEA, 380
Imagination Ltd., 98
ImClone Systems, 8
Imperial Oil Limited, 341
INCO, 512–513
Indiana Children's Wish Fund, 12
INSEAD, 512
Intel Corp., 173, 472
InterCel, Inc., 392
Interface, 380
Internal Revenue Service, 60, 106
International Association of Machinists (IAM), 506
International Shoe Company, 432
International Standards Organization, 387
International Truck and Engine Corporation, 171
Interpol, 320
Interpublic Group of Companies, 321
Interstate Bakeries, 443
ITT Industries, 296

J

J & J Consumer Products, 106
J. M. Smucker & Co., 359
J. Sainsbury's, 117
J&R Electronics, 309
Jaguar Automobiles, 64
J.C. Penney, 368–369
J.D. Edwards, 94
Jeep, 96
JetBlue Airways, 14, 31, 138, 146, 372
Johnson & Johnson, 57–58, 96, 104, 106–107, 172, 189, 322, 325–326, 381

K

Kaiser-Hill, 347
Karolinska Hospital, 104
Keiretsu, 211
Kennedy Foods, 412
KFC, 484
Kimberly-Clark, 414
Kingston Technology Co., 382
Kmart, 66, 144, 337, 389
Kodak, 67
KPMG Peat Marwick, 288
Kraft, 140, 412
Kroger, 61, 140
Kryptonite, 145

L

Lamprey Inc., 436
Lands End, 173
Learjet, 159
Lehigh Coal & Navigation, 184
Les Schwab Tire Centers, 361–362
Levi Strauss, 178, 416
Li & Fung, 311
Liberty Mutual's, 59
Limited, The, 311
Lockheed Martin, 161, 384, 410
Lockport, 300
Long Island Lighting Company (LILCO), 473
L'Oreal, 210
Lotus Development Corp., 156
LTV Corp., 111
Lufthansa, 64

M

MacMillan-Bloedel, 380
Make-a-Wish Foundation, 107
MAN Nutzfahrzeuge AG, 171
Marriott, 420
Marshall Field's, 446–447
Mary Kay Cosmetics Company, 364
Mathsoft, Inc., 73
Matsushita Electric, 210, 230
Mattel, 145, 187
Maytag, 442
Mazda, 257
McDonald's, 67, 107, 157, 186–187, 208, 222, 261, 263, 278–279, 288, 293, 380, 415, 470, 484
MCI, 157
McKinsey & Company, 9, 338
McNeil Consumer Products, 106
Medtronic, 59
Memorial Health Services, 288
Mercedes, 96, 179
Merck, 184, 188, 210, 324
Merrill Lynch & Co., 380, 503
Micro Modeling Associates (MMA), 313
Microsoft Corporation, 7, 12–13, 66, 106–107, 159–160, 172–173, 178, 180–181, 330, 334, 360, 399, 403, 457
Milacron Inc., 366
Miller, 179
Milliken & Co., 401
Mindfire Interactive, 309
Mitsubishi, 96, 179, 421
Mittal Steel, 111
Mobil, 324
Moen, 416
Monsanto, 380

Montgomery-Watson Harza (MWH), 303
Morgan, Lewis & Bockius LLP, 346
Morgan Stanley, 482–483, 493
Morton Automotive Safety, 255
Motek, 450
Motorola, 100, 137, 156, 183, 208, 292, 296, 328
MTV Japan, 186
MTV Networks, 211
MusicNet, 462
Musidor, 7

N

Nabisco, 351
National Industrial Products, 390
Neale-May & Partners, 176
Neoterik Health Technologies Inc., 141
Nestlé, 104, 140, 210, 216–217, 220
Netflix, 344
New Line Cinema, 58
New York Stock Exchange, 493
Newport News Shipbuilding, 13
Nextel, 157
Nike, 149, 174, 299, 329–330
Nissan, 60, 257, 443
Nokia, 137, 145, 222, 399
Nordstrom Inc., 365–366
Nortel Networks, 183, 343
Northrup Grumman Newport News, 13, 383
Northwest Airlines, 455
Norwest, 156
Novartis, 209
Novell, 328
Nucor, 66
NUMMI, 409

O

Ogilvy & Mather, 141–142, 213
Oksuka Pharmaceutical Company, 409
Olive Garden, 288
Olmec Corporation, 187
Omega Electronics, Inc., 165–167
Omnicom Group, 321
Omron, 386
Oracle Corporation, 94, 211, 366, 419
Orange SA, 137
Oregon Brewers Guild, 179
Ortho Pharmaceuticals, 106
Oshkosh Truck Company, 257
Oticon Holding A/S, 30
Owens Corning, 346
Oxford Plastics Company, 195–196

P

Pacific Edge Software, 370
Paramount Pictures, 66–67, 452–453
P.B. Slices, 412
PeopleSoft Inc., 94, 366
PepsiCo. Inc., 106, 220, 330, 443, 468
Perdue AgriRecycle, 48
Perdue Farms Inc., 39, 41–49
Pfizer Inc., 179, 210, 412
Philips Corporation, 409
Philips NV, 230–231
Piper Alpha, 252
Pitney Bowes Credit Corporation (PBCC), 304, 370–371
Planters Peanuts, 96
PPG Industries, 381
Pratt & Whitney, 84
Pret A Manger, 262–263
Pricewaterhouse-Coopers, 338, 484
Princeton, 140
Printronix, 251
Procter & Gamble (P&G), 110, 174, 178, 182, 206, 212, 224, 226, 230, 254, 276, 306, 321–322, 351, 399, 402, 414–415
Progressive Casualty Insurance Company, 113–114, 261, 287, 298
Prudential plc, 211
Publicis Groupe, 321
PulseNet, 310
Puma, 65
Purafil, 209–210
Purvis Farms, 41

Q

Quaker Oats, 416
QuikTrip, 31
Quizno's, 187

R

RCA, 412
Reynolds Aluminum Company, 139
Rhodes Industries (RI), 236
Ricoh, 4
Ritz-Carlton Hotels, 261, 346
Robex Resources Inc., 211
Rockford Health Systems, 485
Rockwell Automation, 171, 253
Rockwell Collins, 248
Rolling Stones Inc., 6–7
Rowe Furniture Company, 152–153
Royal Dutch/Shell, 154, 210, 326
Royal Philips Electronics, 118
Rubbermaid, 178
Russell Stover, 416
Ryanair, 64–65, 138

S

S. C. Johnson Company, 330
Safeway, 61
Saks Fifth Avenue, 389
Salisbury State University, 39, 42
Samsung Electronics, 7, 137, 209
Saturn, 172
Salvation Army, The, 11, 337–338
SBC Communications, 157, 173
Scandic Hotels, 380
Schering-Plough, 159, 188
SDC (Secure Digital Container) AG, 186
Shazam, 185–186, 330
Shell Oil, 154, 210, 326
Shenandoah Farms, 41
Shenandoah Life Insurance Company, 405
Shenandoah Valley Poultry Company, 41
Shoe Corporation of Illinois (SCI), 432
Short Brothers, 159
Siebel Systems, 368
Siemens AG, 95, 137, 210, 220, 251
Simpson Industries, 390–391
Sony Connect, 223
Sony Corp., 7, 67, 69, 107, 118, 174, 210, 222–223, 225, 493
Sony Pictures Entertainment, 493
Southwest Airlines, 138, 146, 342, 455
Sprint, 7, 157, 210
SPS, 299
St. Luke's Communications Ltd, 342, 428
Standard Brands, 351
Starbucks Coffee, 11, 55–56, 64, 400, 404, 451
State Farm, 58, 59, 287
Steelcase Corp, 361
Steinway & Sons, 264
Studebaker, 184
Suburban Corrugated Box Co., 304
Subway, 187, 278–279
Süddeutsche Zeitung, 141
Sun Microsystems, 178, 183, 389
Sun Petroleum Products Corporation (SPPC), 120–121
Sunflower Incorporated, 351
Swissair, 138

T

Taco Bell, 262, 484
Target, 66, 127, 157, 173, 444
Techknits, Inc., 253
Technological Products, 165
TechTarget, 370
Telecom France, 210
Tenet Healthcare, 498
Tesco.com, 308–309, 359
Texas Instruments (TI), 384, 410
Thomson Corporation, 78
3Com Corporation, 347
3M Corporation, 60, 296, 337, 365, 368, 399–400, 407, 410–411, 472
Time Incorporated, 412
Time Warner, 323, 389
TiVo Inc., 118–119, 142
Tommy Hilfiger clothing, 64
TopDog Software, 235–236
Toshiba, 118, 152
Tower Records, 137
Toyota Motor Corporation, 60, 141, 180, 208–209, 255, 321, 399, 404, 409, 414
Toys "R" Us, 174, 387, 455
Transmatic Manufacturing Co., 208
Travelers, 324
Tupperware Corp., 444, 504
Tyco International, 419

U

Ugli Orange, 199
Unilever, 110, 210, 230
United Air Lines, 138
United Parcel Service (UPS), 12, 22, 246, 333–334, 339, 404, 409
Universal Pictures, 467
Unocal, 149
U.S. Airways, 138
USA Technologies Inc., 158
USX, 506

V

Vanguard, 261
Van's Aircraft, 254
Verizon Communications, 148, 157, 184, 294
Versace, 157
Viacom Entertainment Group, 453
Virgin Atlantic Airways, 322
Virgin Digital, 462
Virginia Company, 12
Volkswagen, 183, 222, 245
Volvo, 141, 276

W

W. L. Gore & Associates, Inc., 21–22, 411, 415
Wal-Mart, 21–23, 47, 61, 64, 66, 127, 138, 144–145, 156–157, 159–160, 178, 184, 189–190, 195, 210, 212, 220, 226, 293, 298, 306, 321–322, 325–326, 337, 359, 365, 389, 467, 469, 498

Walker Research, 377
Walt Disney Company, 364
Warner-Lambert, 179, 210
Weber, 333
Wegmans Food Markets, 60–61, 139, 369
Wells Fargo Bank, 156, 346
Wendover, 100
Wendy's, 187
Western Railroad, 91
Weyerhaeuser, 208, 299
Wheeling-Pittsburgh Steel Corp., 506
Wherehouse, 137
Whirlpool, 148, 180, 442
Wienerberger Baustoffindustrie AG, 141
Windsock, Inc., 352–353
Wipro Ltd., 7, 208
Wizard Software Company, 98–99
Wood Flooring International (WFI), 288
Woolworth, 184
WorldCom, 161, 189, 343, 380, 384, 419
WPP Group, 321
WuXi Pharmatech, 140
Wyeth, 159

X

X-Rite Inc., 421–422
Xerox Corporation, 3–6, 10, 12, 15–17, 24, 31, 67, 107, 350, 380, 493, 506

Y

Yahoo!, 223, 462, 505

Z

Ziff-Davis, 409

Subject Index

A

Absorption, 497
Abu Ghraib prison, abuses at, 336
Acceptance, 425
Achieving competitive advantage, 416–417
Acquisition, 156
Adaptability culture, 368
Adaptive versus nonadaptive corporate cultures, *exhibit*, 374
Administrative principles, 25–26
Adoption, 406
Advanced manufacturing technology, 253
Adversaries to partners, 180–183
Advocate, 410
Agile manufacturing, 253
Ambidextrous approach, 407–408
Authority, 489
Authorization, 459
Automated teller machines (ATMs), 274

B

Balance sheet, 294
Balanced scorecard, 296–298, 312
  major perspectives of the, *exhibit*, 297
Bargaining, 459
Barriers to change, 426
Bayesian statistics, 454
Benchmarking, 192, 296
Better decision making, 226
Blinded stage, 344, 346
Blogs, 141
Boeing 787, 415
Bootlegging, 411
Bottom line, 295
Boundary spanning, 17, 413–414
  roles, 148
Bounded rationality perspective, 448
  constraints and tradeoffs, 449–451
  role of intuition, 451–453
Budget, 294
Buffering roles, 147
Bureaucracy, 26, 332–333
  Weber's dimensions of, *exhibit*, 332
Bureaucracy in changing world, 335
  flexibility, innovation, organizing temporary systems for, 336–337
  other approaches to reducing, 337–339
Bureaucratic control, 339–340, 349
Bureaucratic culture, 369–370
Bureaucratic organizations, 26
Burox, 3–4
Business intelligence, 148, 289
Business process indicators, 298
Business process reengineering, 113

C

CAD. *See* Computer-aided design (CAD)
CAM. *See* Computer-aided manufacturing (CAM)
Capital-intensive, service firms, 260
Carnegie model, 453, 456–459, 463, 467
  choice processes in the, *exhibit*, 457
  of decision making, 500
Centralization, 334
Centralized decision making, 104
Ceremonies, 363–365
Chaebol, 211
Chain of command, 100
Change
  elements for successful, 405–407
  process, 405
  stages of commitment to, *exhibit*, 425
Change agent, 410
Change leaders, 426
Change, strategic role of
  incremental versus radical change, 400–402
  strategic types of change, 402–405
Change, strategies for implementing, 424
  barriers to change, 426
  leadership for change, 425–426
  techniques for implementation, 426–429
Chaos theory, 27
Charismatic authority, 340
Clan control, 341–343, 349
Clan culture, 369
Closed system, 14
Coalition, 456
Code of ethics, 384
Coercive forces, 191–192
Coercive power, 489
Collaborative networks, 178
  adversaries to partners, 180–183
  why collaboration, 179
Collective bargaining, 507
Columbia space shuttle disaster, 336, 467
Commitment, 426
Communication and coordination, 268
Companies without walls, 416
Comparison of organizational characteristics associated with mass production and flexible manufacturing systems, *exhibit*, 259
Competing values model, 75
Competition, 484
Competitive intelligence (CI), 148
Complex, stable environment, 145
Complex, unstable environment, 145
Computer-aided craftsmanship, 257
Computer-aided design (CAD), 254
Computer-aided manufacturing (CAM), 254
Computer simulations, 454
Computer-integrated manufacturing, 253
Concurrent engineering, 416
Configuration and structural characteristics of service organizations versus product organizations, *exhibit*, 262
Confrontation, 506
Consortia, 211
Constraints and tradeoffs, 449–451
Constraints and tradeoffs during nonprogrammed decision making, *exhibit*, 449
Contemporary applications
  flexible manufacturing systems, 253–254
  lean manufacturing, 254–257
  performance and structural implications, 257–258
Contemporary organization design, 27–28
Contextual dimensions of organization design, 17, 21–22
Contingency, 27
Contingency decision-making framework
  contingency framework, 468–470
  problem consensus, 467–468
  technical knowledge about solutions, 468
Contingency effectiveness approaches, 70
  goal approach, 71–73
  internal process approach, 74–75
  measurement of, *exhibit*, 71
  resource-based approach, 73–74
Contingency framework, 468–470
  for using decision models, *exhibit*, 469

Contingency framework for environmental uncertainty and organizational responses, *exhibit*, 155
Continuous improvement, 399
Continuous-process production, 249
Control mechanisms, 350
Conversion rate, 295
Cooptation, 158
Coordination and control, cultural differences in
national value systems, 227
three national approaches to coordination and control, 227–230
Coordination and control, three national approaches to, 227
European firms' decentralized approach, 229
Japanese companies centralized coordination, 228–229
United States coordination and control formalization, 229–230
Coordination roles, expanded, 225–226
Core organization manufacturing technology
manufacturing firms, 248–250
performance, 250–253
strategy, 250–253
technology, 250–253
Core organization service technology
designing the service organization, 262–263
service firms, 259–260
Core technology, 246
Core transformation process for a manufacturing company, *exhibit*, 246
Corporate culture and ethics in a global environment, 386–387
Corporate Culture and Performance, 372
Corporate entrepreneurship, 410–411
Corrugated system in action, 305
Cost savings, 226
Council on Economic Priorities Accreditation Agency, 387
Country managers, 226
Craft technologies, 265
Creative departments, 409
Creativity, 405
Crisis stage, 345
Cultural Assessment Process (CAP), 372
Culture, 361
emergence and purpose of, 361–363
interpreting, 363–367
levels of corporate, *exhibit*, 362
Culture and ethics, how leaders shape
formal structure and systems, 382–385
values-based leadership, 381–382
Culture change
forces for, 420
organization development culture change interventions, 422–423
Culture changes, 404
Culture strength, 370–371
Customer relationship management (CRM), 235, 306
Customer service indicators, 297–298
Customized output, 261

D

Data, 301
Data mining, 290
Data warehousing, 289
Decentralization, 267
Decentralized decision making, 93, 104
Decentralized organizational structures, 310
Decision interrupts, 458
Decision learning, 472
Decision making and control, information for
balanced scorecard, 296–298
feedback control model, 293
management control systems, 293–296
organizational decision-making systems, 291–293
Decision making in today's environment, *exhibit*, 444
Decision mistakes and learning, 472
Decision process when problem identification and problem solution are uncertain, *exhibit*, 463
Decision support system (DSS), 293
Defender strategy, 66–67
Department design, 266
communication and coordination, 268
decentralization, 267
formalization, 267
span of control, 268
worker skill level, 267–268
Departmental grouping options
divisional grouping, 100
functional grouping, 100
horizontal grouping, 102
multifocused grouping, 100
virtual network grouping, 102
Design, 459
Designing the service organization, 262–263
Desktop search, 403
DIAD (Delivery Information Acquisition Device), 333, 404
Diagnosis, 459
Differences between large and small organizations, *exhibit*, 323
Differences between manufacturing and service technologies, *exhibit*, 260
Differences in goals and orientations among organizational departments, *exhibit*, 150
Differentiation, 149–151
strategy, 64
Digital downloading, 344
Digital workplace, 9
Dilemmas of large (organization) size, 322–326
big-company/small-company hybrid, 324–326
large, 322–323
small, 323–324
Direct interlock, 158
Disclosure mechanisms, 383–384
Dissolution stage, 345
Distributive justice, 378
Diversity, 9, 421
Division of labor in the ambidextrous organization, *exhibit*, 408
Divisional organization structure, 104–107
Divisional structure, 269
DMAIC (Define, Measure, Analyze, Improve, and Control), 296
Domestic hybrid structure with international division, *exhibit*, 214
Domestic stage of international development, 209
Dual-authority structure in a matrix organization, *exhibit*, 109
Dual-core approach
administrative core, 417–418
organization change, *exhibit*, 418
technical core, 417–418

E

E-business organization design, 307–309
Economic conditions, 140
Economies of scale, 207
Economies of scope, 207–208
Effect of ten mega-mergers on shareholder wealth, *exhibit*, 324
Effectiveness, 22, 70
Efficiency, 22, 70
Efficient performance versus learning organization
competitive to collaborative strategy, 31
formal control systems to shared information, 30–31
rigid to adaptive culture, 31–32
routine tasks to empowered roles, 30
vertical to horizontal structure, 28–30
Element in the population ecology model of organizations, *exhibit*, 185
Engineering technologies, 265
Enhanced network structures, 311
Enterprise resource planning (ERP), 299–300
Environmental decline (competition), 344
Environmental domain
general environment, 140–141
international context, 141–142
task environment, 138–140
Environmental domain, controlling the
change of domain, 159
illegitimate activities, 160–161
political activity, 159–160
regulation, 159–160
trade associations, 160
Environmental resources, controlling
controlling the environmental domain, 159–161
establishing interorganizational linkages, 156–159
organization-environment integrative framework, 161
Environmental uncertainty, 142
framework, 145–146
and organizational integrators, *exhibit*, 151
Simple–complex dimension, 143–144
Stable–unstable dimension, 144–145
Environmental uncertainty, adapting to
buffering and boundary spanning, 147–149
differentiation, 149–151
forecasting, 152–154
integration, 149–151
organic versus mechanistic management processes, 151–152
planning, 152–154
positions and departments, 147
responsiveness, 152–154
Escalating Commitment, 473

Essential leadership behaviors, 325
Establishing interorganizational linkages
  advertising, 158–159
  cooptation, 158
  executive recruitment, 158
  formal strategic alliances, 157–158
  interlocking directorates, 158
  ownership, 156–157
  public relations, 158–159
Ethical dilemma, 377
Ethical framework, 378
Ethical values and social responsibility
  does it pay to be good, 377–378
  managerial ethics and social responsibility, 375–377
  sources of individual ethical principles, 374–375
Ethical values in organizations, sources of
  external stakeholders, 380–381
  organizational culture, 379
  organizational systems, 379–380
  personal ethics, 378
Ethics, 374
Ethics committee, 383
Ethics hotlines, 383
Ethics officer, 383
European Production Task Force, 224
European Union (EU) environmental and consumer protection legislation, 140
Evolution, 184
Evolution of organizational applications of IT, *exhibit*, 290
Example of an ERP network, *exhibit*, 300
Excessive focus on costs, 426
Execution, 325
Executive dashboards, 294
Executive information system (EIS), 292
Expert power, 489
Explicit knowledge, 301
External adaptation, 362
External stakeholders, 380–381
Extranet, 304

F

Factors of production, 208
Factory of the future, 253
Failure to perceive benefits, 426
Famous innovation failures, 415
Fast cycle teams, 416
Faulty action stage, 345–346
Fear of loss, 426
Federal Aviation Administration, 372
Federal Bureau of Investigation (FBI), 24
Feedback control model, 293
Financial perspective, 297
Financial resources, 141
Five basic parts of an organization, *exhibit*, 16
Flexible manufacturing systems (FMS), 253
FMS. *See* Flexible manufacturing systems (FMS)
Focus strategy, 65
Focused differentiation, 63
Focused low cost, 63
Food and Drug Administration (FDA), 188
Forces driving the need for major organizational change, *exhibit*, 401
Forces for culture change
  diversity, 421
  horizontal organizing, 420
  learning organization, 421–422
  reengineering, 420
Forces that shape managerial ethics, *exhibit*, 379
Forecasting, 152–154
Formal structure and systems, 382
  code of ethics, 384
  disclosure mechanisms, 383–384
  structure, 383
  training programs, 384–385
Formalization, 267, 334, 337
Four stages of international evolution, *exhibit*, 209
Four types of change provide a strategic competitive wedge, *exhibit*, 404
Framework, 145–146
Framework for assessing environmental uncertainty, *exhibit*, 146
Framework for department technologies, *exhibit*, 265
Framework for this book, *exhibit*, 35
Framework of interoganizational relationships, *exhibit*, 176
Functional, divisional, and geographical organization designs
  divisional structure, 104–107
  functional structure, 102–104
  functional structure with horizontal linkages, 104
  geographical structure, 107–108
Functional managers, 225
Functional matrix, 110
Functional organization structure, 102–104

G

Garbage can model, 453, 467
  consequences, 464–467
  organized anarchy, 463
  streams of events, 464
General organization environment, 140–141
Generalist strategy, 187
Geographical organization structure, 107–108
Geographical structure for Apple Computer, *exhibit*, 108
Global arena, entering
  global expansion through international strategic alliances, 210–211
  motivations for global expansion, 206–209
  stages of international development, 209–210
Global Body Line System, 399
Global capabilities, building
  global coordination mechanisms, 224–226
  global organizational challenge, 220–224
Global companies, 210
Global coordination mechanisms
  expanded coordination roles, 225–226
  global teams, 224–225
  headquarters planning, 225
Global economy as reflected in the *Fortune* Global 500, *exhibit*, 207
Global expansion
  motivations for, 206–209
  through international strategic alliances, 210–211
Global geographical division structure, 215–217
Global hybrid, 220
"Global Leadership 2020" management program, 386
Global Leadership and Organizational Behavior Effectiveness (Project GLOBE), 227
Global matrix structure, 218–220
Global organizational challenge, 220
  exhibit, 221
  increased complexity and differentiation, 221–222
  innovation, 223–224
  need for integration, 222–223
  transfer of knowledge, 223–224
Global product division structure, 215
Global stage of international development, 210
Global standardization, 211
Global teams, 224–225
Globalization strategy, 211–212
Goal approach, 70
  indicators, 71
  usefulness, 71–73
Goals, 62
Goodwill, 360
Government sector, 140
Greater revenues, 226
Gross domestic product (GDP), 221, 253

H

Hawthorne studies, 26
Headquarters planning, 225
High-velocity environments, 471–472
Horizontal coordination model, 413, 415–416
  boundary spanning, 413–414
  for new product innovations, *exhibit*, 414
  specialization, 413
Horizontal information linkages
  direct contact, 96
  full-time integrator, 96–97
  information systems, 95
  task forces, 96
  teams, 97–99
Horizontal linkage, 95
  model, 416
Horizontal organization structure, 113
  characteristics, 114–116
  exhibit, 115
  strengths, 116–117
  strengths, *exhibit*, 116
  weaknesses, 116–117
  weaknesses, *exhibit*, 116
Horizontal organizing, 420
Horizontal relationships, 306
Horizontal sources of power
  power sources, 495–498
  strategic contingencies, 495
Human relations emphasis, 77
Human resources sector, 140
Hurricane Katrina, 322
Hybrid, 100
Hybrid organization structure, 120–122

I

I ♥ Huckabees, 466
Idea champions, 410
Idea incubator, 409
Ideas, 405
Illustration of independent streams of events in the garbage can model of decision making, *exhibit*, 465
Imitation, 470
Immigration and Naturalization Service (INS), 48
Implementation, 406
Improved horizontal coordination, 310
Improved interorganizational relationships, 310–311
In-house division, 307
Inaction stage, 344, 346
Incident command system (ICS), 336, 348
Incident commander, 337
Income statement, 294
Increased innovation, 226
Incremental change, 400
Incremental decision process model, 453, 467
  development phase, 459

dynamic factors, 459–462
exhibit, 460
identification phase, 458
selection phase, 459
Incremental process model, 463
Incremental versus radical change, 400–402
Indirect interlock, 158
Individual decision making
bounded rationality perspective, 448–453
rational approach, 445–448
Individual versus organizational power, 489
Industry sector, 138
Information, 301
Information linkages, 306
Information-processing perspective on structure, 91–92
horizontal information linkages, 95–99
vertical information linkages, 93–95
Information reporting system, 291
Information systems for managerial control and decision making, *exhibit*, 292
Information technology evolution, 289–291
Initiative for Software Choice (ISC), 160
Inspiration, 470
Institutional environment, 188
Institutional isomorphism, 191
Institutional perspective, 188
Institutional similarity, 190
coercive forces, 192
mimetic forces, 191–192
normative forces, 192–193
Institutional view, 190
Institutionalism, 188–189
institutional similarity, 190–193
institutional view, 190
organization design, 190
Institutionalization, 426
Intangible output, 259
Integrated effectiveness model, 75
effectiveness values for two organizations, *exhibit*, 77
four approaches to effectiveness values, *exhibit*, 76
indicators, 76–78
usefulness, 78–79
Integrated enterprise, 305–306
exhibit, 306
Integration, 149–151, 222
Integration of bricks and clicks, 307
range of strategies for, *exhibit*, 308
Intellectual capital, 301
Interaction of contextual and structural dimensions of organization design, *exhibit*, 18
Interdepartmental activities, 423
Interdependence, 230
Intergroup conflict in organizations
rational versus political model, 487–488
sources of conflict, 484–487
Interlocking directorate, 158
Internal integration, 362
Internal process approach, 70
indicators, 74
usefulness, 74–75
Internal process emphasis, 76–77
International business development group, 217
International division, 214–215
International sector, 140
International stage of international development, 209
Interorganizational framework, 176–177
Interorganizational relationships, 172
changing characteristics of, *exhibit*, 180
Interpreting culture
ceremonies, 363–365
language, 366–367
rites, 363–365
stories, 365
symbols, 365–366
Intranets, 298, 312
Intrapreneur, 410
Intuitive decision making, 451
iPod, 223, 329, 399, 402, 404
ISO 9000 quality-auditing system, 387
Isomorphism, 190
iTunes, 223, 402, 462

J

J. D. Powers' 2005 rankings of consumer satisfaction, 372
Job design, 274–275
Job enlargement, 274
Job enrichment, 274
Job rotation, 274
Job simplification, 274
Joint optimization, 275
Joint ventures, 158
Judgment, 459

K

Kaizen, 399
Key characteristics of traditional versus emerging interorganizational relationships, *exhibit*, 311
Knowledge, 301
Knowledge management, 300–303
systems, 312
two approaches to, *exhibit*, 303

L

Labor- and knowledge-intensive, service firms, 260
Labor–management teams, 506
Lack of coordination and cooperation, 426
Ladder of mechanisms for horizontal linkage and coordination, *exhibit*, 99
Language, 366
Large-batch production, 249
Large group intervention, 423
Leadership for change, 425–426
Lean manufacturing, 254–257
Learning organization, 28, 421–422
combining the incremental process and Carnegie models, 462–463
garbage can model, 463–467
Legitimacy, 189
Legitimate power, 489–490
Levels of analysis in organizations, 33–34
exhibit, 34
Liaison role, 96
License agreements, 157
Life cycle development, stages of
collectivity stage, 327–328
elaboration stage, 328–329
entrepreneurial stage, 326–327
formalization stage, 328
Linear programming, 454
Liquid Tide, 224, 226, 402, 415
Long-linked technology, 270
Low-cost leadership strategy, 64–65
Low-cost production factors, 208–209

M

Major stakeholder groups and their expectations, *exhibit*, 23
Management
changing role of, 174–176
Management champion, 411
Management control systems, 293–296
exhibit, 295
Management information system (MIS), 291
Management science approach, 453–455
Managerial ethics, 376
Managerial ethics and social responsibility, 375–377
Manufacturing firms, 248–250
Market control, 340–341, 349
Market sector, 140
Marketing-manufacturing areas of potential goal conflict, *exhibit*, 485
Mass customization, 256
Matrix, 100
Matrix organization structure, 108
conditions for the matrix, 109–110
strengths, 110–113
strengths, *exhibit*, 111
weaknesses, 110–113
weaknesses, *exhibit*, 111
Measuring dimensions of organizations, 38
Mechanical system design, *exhibit*, 29
Mechanistic and organic forms, *exhibit*, 152
Mediating technology, 269
Membrane-electron assemblies (MEAs), 411
Merger, 156
Meso theory, 34
Miles and Snow's Strategy Typology, 63
analyzer, 67
defender, 66–67
prospector, 65–66
reactor, 67
Mimetic forces, 191–192
Mintzberg's research, 458
Mission culture, 368–369
Mission statement, 58
Mixed structure, 220
Model to fit organization structure to international advantages, *exhibit*, 213
Modular organization structure, 117
Modular structures, 311
Multidomestic strategy, 211–212
Multinational stage of international development, 210
Munificence, 142

N

NASDAQ, 346
National Association of Manufacturers, 160
National responsiveness, 211
National Tooling and Machining Association (NTMA), 160
National value systems, 227
Natural system design, *exhibit*, 29
Need, 406
Negotiating strategies, 507
Negotiation, 506
Network coordinator, 226
Networking, 298
New product success rate, 412
probability of, *exhibit*, 413
New products and services
achieving competitive advantage, 416–417
horizontal coordination model, 413–416
reasons for new product success, 412–413
success rate, 412
New-venture fund, 410

Niche, 184–185
Non-core departmental technology
  analyzability, 264
  framework, 264–266
  variety, 264
Non-core technology, 247
Nonprogrammed decisions, 444
Nonroutine technologies, 265
Normative forces, 191, 192–193
NTMA. *See* National Tooling and Machining Association (NTMA)

O

Obeya, 399, 414
Obtaining prior information, 497
Occupational Safety and Health Administration (OSHA), 48
Office Software Group, 106
Official goals, 58
Open systems, 14–15
  emphasis, 76
Operative goals
  employee development, 60
  innovation and change, 60
  market, 60
  overall performance, 59–60
  productivity, 60–61
  resources, 60
Organic versus mechanistic management processes, 151–152
Organization. *See* also Organizational and Organizations
  defined, 10–11
  importance of, 12–14
  perspectives on, 14–15
  types of, 11–12
Organization chart illustrating hierarchy of authority, *exhibit*, 19
Organization chart sample, *exhibit*, 91
Organization design, 190
  contingency factors affecting, *exhibit*, 69
  how strategies affect, 67–68
  IT impact on, 309–311
  other factors affecting, 69
  outcomes of strategy, *exhibit*, 68
  pressures affecting, *exhibit*, 247
Organization design alternatives
  departmental grouping options, 100–102
  reporting relationships, 100
  required work activities, 99–100
Organization design and culture, 367
  adaptability culture, 368
  bureaucratic culture, 369–370
  clan culture, 369
  culture strength and organizational subcultures, 370–371
  mission culture, 368–369
Organization design, dimensions of
  contextual dimensions, 17, 20–22
  performance and effectiveness outcomes, 22–24
  structural dimensions, 17–20
Organization design for implementing administrative change, 418–420
Organization design, strategic direction in, 56–58
  top management role in, *exhibit*, 57
Organization development culture change interventions
  interdepartmental activities, 423
  large group intervention, 423
  team building, 423
Organization development (OD), 422, 429
  approach, 507
Organization-environment integrative framework, 161
Organization size
  dilemmas of large size, 322–326
  pressures for growth, 321–322
Organization structure, 76, 90–91
Organization theory, 34
  current challenges, 6–10
  topics, 6
Organization theory and design, evolution of
  contemporary design, 27–28
  efficient performance vs learning organization, 28–32
  historical perspectives, 25–26
Organizational Assessment Survey, 373
Organizational atrophy, 343
Organizational behavior, 34
Organizational bureaucracy and control, 331
  bureaucracy, 332–333
  size and structural control, 334–335
Organizational change, 405
Organizational characteristics during the life cycle, 330–331
  four stages, *exhibit*, 331
Organizational configuration
  administrative support, 16–17
  management, 17
  technical core, 16
  technical support, 16
Organizational control strategies
  bureaucratic control, 339–340
  clan control, 341–343
  market control, 340–341
  three, *exhibit*, 339
Organizational culture, 371–373, 379
  emergence and purpose of culture, 361–363
  interpreting culture, 363–367
Organizational decision making, 443–445
  Carnegie model, 456–458
  incremental decision process model, 458–462
  management science approach, 453–455
Organizational decision-making systems, 291–293
Organizational decline and downsizing
  definition and causes, 343–344
  downsizing implementation, 346–348
  model of decline stages, 344–346
Organizational departments differentiate to meet needs of subenvironments, *exhibit*, 150
Organizational differentiation, 149
Organizational domain, 138
Organizational ecosystems, 172
  changing role of management, 174–176
  exhibit, 175
  interorganizational framework, 176–177
  is competition dead, 173–174
Organizational effectiveness, assessing, 70
Organizational environment, 138
  exhibit, 139
Organizational form, 184–185
Organizational goal, 55
Organizational innovation, 405
Organizational learning, 371–373
Organizational life cycle
  characteristics during the life cycle, 330–331
  exhibit, 327
  stages of life cycle development, 326–330
Organizational performance, 371–373
Organizational politics, 499
Organizational purpose
  goals, importance of, 62
  mission, 58
  operative goals, 59–61
Organizational responses to uncertainty, 154
Organizational systems, 379–380
Outsourcing, 117

P

Parallel approach, 416
Percentage of personnel allocated to administrative and support activities, *exhibit*, 335
Performance, 250–253
  and structural implications, 257–258
Performance and effectiveness outcomes, 22–24
Perrow's
  framework, 277
  model, 264
  technology framework, 266
Personal ethics, 378
Personal liberty framework, 378
Personnel ratios, 334
Pharmaceutical Research and Manufacturers of America, 160
Planning, 152–154
PLM. *See* Product life-cycle management (PLM)
Point–counterpoint, 472
Political activity, three domains of, 500
Political model, 487
Political processes in organizations, 498
  definition, 499
  when is political activity used, 500
Political tactics for using power, 502–505
Politics, 499
Pooled interdependence, 269, 486
Population, 183
Population ecology, 183
  niche, 184–185
  organizational form, 184–185
  process of ecological change, 185–187
  strategies for survival, 187–188
Population-ecology perspective, 183
Porter's competitive strategies, 63
  differentiation, 64
  exhibit, 63
  focus, 65
  low-cost leadership, 64–65
Positions and departments, 147
Power, 488
Power and organizations, 488
  horizontal sources of power, 494–498
  individual versus organizational power, 489
  power versus authority, 489–490
  vertical sources of power, 490–494
Power and political tactics in organizations, *exhibit*, 501

Power distance, 227
Power sources, 495
  centrality, 497
  coping with uncertainty, 497–498
  dependency, 496
  financial resources, 496–497
  nonsubstitutability, 497
Power strategies, 178
Power versus authority, 489–490
Preparation, 425
Pressures for (organization) growth, 321–322
Prevention, 497
Primary responsibility of top management, 56
Problem consensus, 467–468
Problem identification stage, 443
Problem solution, 443
Problemistic search, 456
Process, 113
Process of ecological change, 187
  retention, 186
  selection, 185
  variation, 185
Product and service changes, 404
Product champion, 411
Product life-cycle management (PLM), 254
Product matrix, 110
Product structure, 104
Professional partnership, 338
Professionalism, 337
Profit and loss statement (P&L), 294
Programmed decisions, 444
Project GLOBE (Global Leadership and Organizational Behavior Effectiveness), 227
Project SAPPHO, 413

Q

Quality of service, 260

R

Radical change, 401
  incremental versus, *exhibit*, 402
Radio-frequency identification (RFID), 253
Ratings of power among departments in industrial firms, *exhibit*, 494
Rational approach, 445–448
Rational goal emphasis, 76
Rational-legal authority, 340
Rational model, 487
Rational versus political model, 487–488
Raw materials sector, 139
Reactor strategy, 67
Reasons for new product success, 412–413
Reciprocal interdependence, 271, 487
Recognition, 458
Reengineering, 113, 420
Referent power, 489
Relationship between environmental characteristics and organizational actions, *exhibit*, 162
Relationship between technical complexity and structural characteristics, *exhibit*, 250
Relationship between the rule of law and ethical standards, *exhibit*, 376
Relationship of department technology to structural and management characteristics, *exhibit*, 267
Relationship of environment and strategy to corporate culture, *exhibit*, 367
Relationship of flexible manufacturing technology to traditional technologies, *exhibit*, 258
Relationship of organization design to efficiency versus learning outcomes, *exhibit*, 93
Relationship of structure to organization's need for efficiency versus learning, *exhibit*, 123
Reputation Quotient study, 189
Resource-based approach, 70
  indicators, 73
  usefulness, 73–74
Resource dependence, 154–156
  power strategies, 178
  resource strategies, 177–178
Resource strategies, 177–178
Resources, 407
Responsiveness, 152–154
Retail Industry Leaders Association, 160
Retention, 186
Return on net assets (RONA), 196
Reward power, 489
Rites, 363–365
Rites of enhancement, 363
Rites of integration, 363
Rites of passage, 363
Rites of renewal, 363
Role of intuition, 451–453
Routine technologies, 265
Routine versus nonroutine technology, 266
Rule of law, 375

S

S&P 500, 493
SA 8000 audits, 387
Satisficing, 456
Scientific management, 14, 25–26
Search, 459
Securities and Exchange Commission (SEC), 3, 380
Selection, 184–185
Self-control, 342
Sequence of elements for successful change, *exhibit*, 406
Sequential interdependence, 270, 486
Service firms
  definition, 259–261
  new directions in services, 261
Service technology, 259
Shoreham Nuclear Power Plant, 473
Simple, stable environment, 145
Simple, unstable environment, 145
Simple–complex dimension, 143–144
Simplified feedback control model, *exhibit*, 294
Simultaneous coupling departments, 416
Simultaneous production and consumption, 259–260
Site performance data, 295
Six Sigma
  goals, 296
  quality programs, 192
Size and structural control of organizational bureaucracy, 334–335
Skunkworks, 410
Small-batch production, 248
Smaller organizations, 309–310
Smart factories, 253
Social Accountability 8000 (SA 8000), 387
Social audit, 387
Social capital, 360
Social responsibility, 376
Social system, 275
Society for Human Resource Management, 376
Society of Competitive Intelligence Professionals, 148
Sociocultural sector, 140
Sociotechnical systems, 275–276
  model, *exhibit*, 275
Sources of conflict
  differentiation, 485–486
  goal incompatibility, 484–485
  limited resources, 487
  task interdependence, 486–487
Sources of conflict and use of rational versus political model, *exhibit*, 488
Sources of individual ethical principles, 374–375
Sources of individual ethical principles and actions, *exhibit*, 375
Span of control, 268
Special decision circumstances
  decision mistakes and learning, 472
  escalating commitment, 473
  high-velocity environments, 471–472
Specialist strategy, 187
Specialization, 413
Spin-off, 308–309
Stable–unstable dimension, 144–145
Stages of decline and the widening performance gap, *exhibit*, 345
Stages of international development, 209–210
Stakeholder approach, 23
State Farm's mission statement, *exhibit*, 59
Stateless corporations, 210
Steps in the rational approach to decision making, *exhibit*, 446
Stickiness, 295
Stories, 365
Strategic business units, 104
Strategic contingencies, 495
Strategic contingencies that influence horizontal power among departments, *exhibit*, 495
Strategic partnership, 309
Strategic types of change, 402–405
Strategies for survival, 187–188
Strategy, 62, 250–253
Strategy and design, framework for selecting, 62
  Miles and Snow's strategy typology, 63, 65–67
  organization design, contingency factors affecting, *exhibit*, 69
  organization design, how strategies affect, 67–68
  organization design, other factors affecting, 69
  organization design, outcomes of strategy, *exhibit*, 68
  Porter competitive strategies, 63–65
Strategy and structure change, 404
  dual-core approach, 417–418
  organization design for implementing administrative change, 418–420
Strengthening external relationships, 304
  customer relationship management (CRM), 307
  e-business organization design, 307–309
  integrated enterprise, 305–306

Strengthening internal coordination
enterprise resource planning (ERP), 299–300
intranets, 298–299
knowledge management, 300–303
Strengths and weaknesses of divisional organization structure, *exhibit*, 105
Strengths and weaknesses of functional organization structure, *exhibit*, 103
Structural design, applications of structural alignment, 122–123
symptoms of structural deficiency, 123–124
Structural design, options for grouping employees into departments, *exhibit*, 101
Structural dimensions of organization design
centralization, 18
formalization, 17–18
hierarchy of authority, 18
personnel ratios, 20
professionalism, 20
specialization, 18
Structural framework, 90
Structural implications, 272–273
Structural priority, 271–272
Structure, 383
Structure, designing to fit global strategy
global geographical structure, 215–217
global matrix structure, 218–220
global product structure, 215
international division, 214–215
model for global vs local opportunities, 211–214
Struggle for existence, 187
Subcultures, 370–371
Subsystems, 15
Supplier arrangements, 157
Supply chain management, 305
Sustainable development, 380
Switching structures, 409
Symbols, 365
System, 15

T

Tacit knowledge, 301
Tactics for enhancing collaboration, 505–508
Tactics for increasing power, 501–502
Task, 30
Task environment, 138, 143
Team building, 423
Team focus, 427
Teams, 97
Technical champion, 411
Technical complexity, 248
Technical knowledge, 468
Technical system, 275
Techniques for encouraging technology change, 408
corporate entrepreneurship, 410–411
creative departments, 409
switching structures, 409
venture teams, 410
Techniques for implementation of change, 426–429
Technology, 250–253
Technology change, 403
ambidextrous approach, 407–408
techniques for encouraging, 408–411
Technology, impact of on job design
job design, 274–275
sociotechnical systems, 275–276
Terrorist attacks (2001), 336
Technology sector, 141
The Reengineering Revolution, 420
Thompson's classification of interdependence and management implications, *exhibit*, 270
Three mechanisms for institutional adaptation, *exhibit*, 191
Time-based competition, 416
Traditional authority, 340
Training programs, 384–385
Transaction processing systems (TPS), 289
Transformational leadership, 425
Transnational model, 220
of organization, 230–233
Transnational teams, 224
Two hybrid structures, *exhibit*, 121
Typology of organization rites and their social consequences, *exhibit*, 363

U

Uncertainty avoidance, 227, 426
Using power, politics, and collaboration, 500
political tactics for using power, 502–505
tactics for enhancing collaboration, 505–508
tactics for increasing power, 501–502
Utilitarian theory, 378

V

Values-based leadership, 381–382
Variation, 185
Venture teams, 410
Vertical information linkages
hierarchical referral, 93
rules and plans, 94
vertical information system, 94–95
Vertical information systems, 94
Vertical linkages, 93
Vertical sources of power
control of decision premises, 491–492
formal position, 490–491
information, 491–492
network centrality, 492–493
people, 493–494
resources, 491
Virtual cross-functional teams, 98
Virtual network organization structure
how the structure works, 117–118
strengths, 118–120
strengths, *exhibit*, 119
weaknesses, 118–120
weaknesses, *exhibit*, 119
Virtual organizations, 211, 311
Virtual team, 98
Vulnerability, 344

W

Web logs, 141, 301
Whistle-blowers, 383
Whistle-blowing, 383–384
Wikis, 301
Windows Group, 106
Win–lose strategy, 507
Win–win strategy, 507
Woodward's classification of 100 British firms according to their systems of production, *exhibit*, 249
Woodward's research into manufacturing technology, 276
Worker Adjustment and Retraining Notification Act, 347
Worker skill level, 267–268
Workflow interdependence among departments
structural implications, 272–273
structural priority, 271–272
types, 269–271
Workforce Transition Program, 347
Workforce 2020, 386
Workplace mediation, 507
World Economic Forum's annual meeting, 300
World Trade Center attacks of September 2001, 319