

Unit 2

Organisations

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More like orchestras than armies



Keynotes

The **organisational structure** of a company defines how tasks are formally distributed, coordinated and harmonised. In today's world of constant change and technological advancements it is increasingly important to be **flexible**. Companies are therefore becoming less **centralised** and more **organic**, with **cross-hierarchical teams** participating in the **decision-making process** and coordinating work activities. Workers, therefore, have more **autonomy**, and **authority** is more evenly distributed, allowing them the freedom to carry out their jobs without **supervision**. In today's modern **decentralised** structures, **work space** is also being redesigned. Colleagues can work together **virtually**, using the latest technological tools. **When they do** meet physically, it is in new environments rather than in the **traditional office**. Often they **hot desk** rather than have a designated personal office. This new **organisational model** presents leaders with demanding **challenges** for the 21st century.

Preview

The deskless CEO

Work in pairs. Discuss whether you would rather have your own office, or whether you prefer the flexibility that hot desking offers. Why/Why not?

Listening 1



Jonathan Schwartz

1 Listen to Jonathan Schwartz, former CEO of Sun Microsystems, talking about life at a major computer company and indicate the order in which he refers to the following topics.

- a personal identification and access to networks
- b what he does after work
- c employee workspaces
- d interactions between staff
- e his role as CEO of Sun
- f the advantages of communicating by SMS
- g using videoconferencing

2 Listen again and take notes to answer the following questions.

- 1 What two items does he carry with him wherever he goes?
- 2 Why does he prefer to use SMS messaging rather than the phone?
- 3 What can he do with a SunRay device?
- 4 How does his own desk compare to the desk of the CFO?
- 5 How did Sun employees react to the option of working from home?
- 6 What can staff do at the company's cafés?
- 7 Why is Sun investing in videoconferencing facilities?
- 8 How does he describe his role as CEO of SUN?

Speaking

Would you like to lead the same sort of lifestyle as Johnathan Schwartz? Discuss your reactions with a partner.

Reading 1

The business model for the 21st century

Read the text on the opposite page and answer the questions.

- 1 According to a recent book by Stanford graduates, what will the model for 21st century organisations be?
- 2 What does Clayton Christensen think will be the biggest challenge for these companies?
- 3 What other challenges will they face?
- 4 Why are fewer people willing to become leaders nowadays?



The business model for the 21st century

Making music

Companies need to be more like orchestras than armies

¹ JEFFREY Joerres, the chief executive of Manpower, one of the world's biggest temporary employment agencies, says that today's "business organisations are like theatre troupes". What he means is that a number of players from the troupe (i.e. the business organisation) come together for a performance, complete it to a high standard, disband and reassemble with other players for a different sort of performance, and so on.

² A recent book by two Stanford MBAs, "The Starfish and the Spider", claims that the modern organisation is like a starfish. Organisations of the past, say the authors, used to be like spiders. Cut off their heads and they're dead. Starfish, on the other hand, are decentralised structures. They don't have heads as such. Cut certain types of starfish into pieces and "each one will generate into a whole new starfish". This sort of "neural network", say the authors, is the model for the 21st century organisation. It has no central point of control, no brain. Every bit of it can communicate with every other bit.

³ No metaphor for modern corporate life has stuck with quite the same tenacity as the late great Peter Drucker's long-ago suggestion that the "institution that most closely resembles a knowledge-based business is the symphony orchestra, in which some 30 different instruments play the same score together as a team."

⁴ Clayton Christensen, a management guru, started a recent article in the *Harvard Business Review* with just such an image. "The primary task of management," he wrote, "is to get people to work together in a systematic way. Like orchestra conductors, managers direct the talents and actions of various players to produce a desired result."

⁵ Drucker, the man who first coined the expression "knowledge worker", recognised that workforce productivity was coming to depend less and less on organisational systems and more and more on individual skills. Such a dramatic shift requires a change in the way we talk about corporate life. For sure, the military imagery that has sufficed for a century is no longer adequate.

⁶ What businesses do today is more like making music than it is like making war. That is not to say that it is less competitive than it was. Companies still want to play the best music possible and gain the biggest audiences. But their primary focus is not on destroying the opposition, on wiping out other orchestras' ability to perform. It is more inward-looking, focused on themselves playing ever better music as an ensemble.

⁷ Viewed through this lens, the workplace looks very different. The challenge for companies is not to find the most talented people on the planet – by definition there are never enough of them to go round. Rather, it is to find enough adequate people and give them the equipment, the environment and the motivation to make them produce at their peak.

⁸ That does not mean that every player needs a Stradivarius, or its equivalent. But for sure they need an instrument that meets certain minimum standards, and they need one musical score that they all can follow. To some extent, they also need to get on well with their fellow players in the orchestra.

⁹ One feature of the orchestra that is echoed strongly in the modern workplace is the requirement that its musicians work alone on occasions, practising in solitude, whilst coming together at regular

Glossary

neural network a biological term to describe neurons that are connected or functionally related to the central nervous system

score a musical composition in printed form

sufficed was enough

intervals in order to play as a team. Today's knowledge workers increasingly work at remote locations, be it in their own homes, in the back of their cars, at airports or in their clients' offices – anywhere other than on premises owned by their employer.

¹⁰ Knowledge workers spend far more time than did previous generations "in meetings", getting together with colleagues, physically or virtually, to discuss and measure progress. At the same time, the amount of office space available to workers has shrunk. With the ability to work in remote locations, employees are prepared to put up with a smaller space at head office or, indeed, to 'hot desk'.

¹¹ Another key element in the metaphor of the orchestra is the role of the conductor. Today's organisations demand different skills and a different style of leadership to that which was appropriate when organisations were run in military fashion. What it takes to motivate and lead today's loose associations of individual specialists is very different from what was required to drive regimented departments.

¹² The big challenge for the future may be to persuade enough people to take up the leadership baton at all. More and more of them, it seems, may be content to remain mere players in the orchestra. The Families and Work Institute (FWI), a New York-based research organisation, has found that a remarkable number of senior executives in large corporations have recently "reduced their career aspirations". Their reason, says the FWI, is "not that they couldn't do the work, but that the sacrifices they would have to make in their personal lives were too great." ■

Speaking

In pairs, discuss the advantages and disadvantages of working from home and only meeting colleagues occasionally at the office.

Vocabulary 1

Find antonyms in the text for the following terms.

- | | |
|-------------------------------|-----------------------------------|
| 1 permanent (para 1) _____ | 5 lowest potential (para 7) _____ |
| 2 flexibility (para 3) _____ | 6 expanded (para 10) _____ |
| 3 disorganised (para 4) _____ | 7 unsuitable (para 11) _____ |
| 4 insufficient (para 5) _____ | 8 undisciplined (para 11) _____ |

Vocabulary 2

Coined expressions

In the text we read that Peter Drucker 'coined' the expression 'knowledge worker'. The business world regularly 'coins' or invents new words and expressions to describe new ideas or activities.

Match words from each column to form common coined expressions. Which of these refers to the following?

A	B
team	overload
best	line
core	speak
social	crunch
information	networking
net	practice
bottom	competency
credit	player

- 1 Internet language _____
- 2 the state of having too much information to make a decision or remain informed about a topic _____
- 3 a period when there is a sharp reduction in the availability of finance from banks and other financial institutions _____
- 4 a particular specialty or expertise _____
- 5 an activity or procedure that produces superior results _____
- 6 a person who participates and works well with others _____
- 7 the most important information, originates from the last line in an audit; the line that shows profit or loss _____
- 8 a phenomenon defined by linking people to each other online, e.g. Facebook, MySpace _____

Usage

Metaphors and similes

Metaphors and similes allow us to make descriptions more interesting by associating things from very different contexts: a simile by saying one thing is like another and a metaphor by referring to it as if it is the other.

1 Which metaphors and similes from music are used in the text to illustrate the following?

- 1 business organisations x 2 (para 1) _____
- 2 a business project (para 1) _____
- 3 employees or colleagues x 2 (paras 4 and 9) _____
- 4 leaders or managers (para 4) _____
- 5 customers and consumers (para 6) _____
- 6 a team (para 6) _____
- 7 improved performance (para 6) _____
- 8 equipment (para 8) _____
- 9 company directives/policies (para 8) _____

2 Which three metaphors from biology are also used to describe today's businesses? What differences do they illustrate?

Read the text and answer the following.

- 1 What makes it difficult to calculate the age of big complex companies?
- 2 Which sectors of industry do the oldest companies come from?
- 3 At what stage in their development do most businesses fail?
- 4 What has helped family businesses to survive, according to William O Hara?
- 5 Which other factors affecting longevity does John Davis identify?

The Economist

The world's oldest companies

The business of survival

What is the secret of corporate longevity?

¹ According to *Centuries of Success*, published by William O'Hara, the oldest company in the world is Japanese. Kongo Gumi, founded in Japan in 578, is a builder of Buddhist temples, Shinto shrines and castles – and now also offices, apartment buildings and private houses. It is a family business.

² Calculating the age of big complex companies – many of which are public, not family owned – is tricky, for many of these firms have grown through multiple acquisitions. That makes it hard to know to what extent they are truly descended from their oldest part. Harsco, for instance, a big American engineering and industrial-services company, can proudly trace parts of its operations to 1742, when a firm called Taylor-Wharton began life as a colonial iron forge. But Taylor-Wharton was not absorbed into what is now called Harsco until 1953.

³ Today's biggest, best-known companies are mostly spotty youths by comparison with the ancient firms listed above. Microsoft was not born until 1975; even General Electric cannot trace its roots further back than 1876. Most of the world's corporate elderly are in very old-economy industries, such as agriculture, hospitality and building.

⁴ What is clear is that corporate longevity is highly unusual. One-third of the firms in the *Fortune* 500 in 1970 no

longer existed in 1983, killed by merger, acquisition, bankruptcy or break-up. Corporate infant mortality is particularly high; the first year is the hardest.

⁵ How, then, have a few elderly firms succeeded in defying the corporate life-cycle? For most of them, luck has played a part, says Mr O'Hara. But he also identifies several other factors that have helped family firms in particular. Primogeniture has often ensured that a firm did not get torn apart by feuding heirs during generational succession – a common problem now that the eldest son no longer automatically inherits the lot in most countries. In general, unity and trust within the family have been vital. Long-lived firms have also been progressive about taking women into management – albeit usually out of necessity. And they have often been willing to take on new managers through legal adoption when the older generation's seed has fallen on fallow ground.

⁶ John Davis, of the Harvard Business School says that three factors lie behind longevity: "By the end of every generation, family firms need to have built a reservoir of trust, pride and money so that the next generation has enough of them to maintain the momentum of the business and the spirit of the family." Surviving succession is often a huge test.

But most older firms have also had to evolve in order to keep pace with the times. Kikkoman, for example, founded in 1630 and now the world's leading maker of soy sauce, has expanded into food flavouring and, latterly, into biotech. This, says Mr Davis, requires a boldness that may be possible only with plenty of trust, pride and money. It also needs a good grasp of the firm's core competence: in this instance, knowing lots about yeast, a common factor in all of Kikkoman's activities.

⁷ This point is echoed by Jim Collins, a co-author of the enduring *Built to Last – Successful Habits of Visionary Companies*. Survivors, he says, are very good at, on the one hand, following a set of unchanging principles and, on the other, separating what they do and how they do it from "who they are". Over hundreds of years, the firm must hold its fundamentals dear, yet constantly change, he says. Surely the point of being in business is to do something remarkable, not merely to survive? A lot of mediocre companies endure for many decades, but, he says, "what's the point?" ■

Glossary

primogeniture the right of the eldest son to inherit

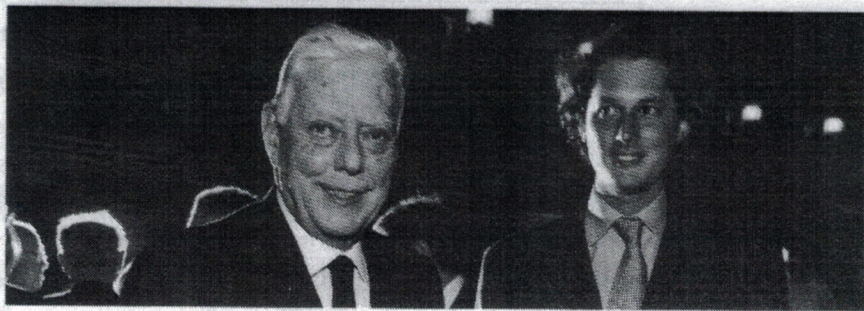
fallow ground land left unplanted during a growing season

longevity length or duration of life

The Economist

Speaking

Jim Collins thinks the point of business is not survival but doing 'something remarkable'. What other reasons can you think of for staying in business? Can you think of any examples of companies which have achieved something remarkable?



Gianni Agnelli and
John Elkann

Listening 2

The text argues that many family businesses have succeeded in 'defying the corporate life-cycle'. Listen to Barry Cosgrave, an expert on family business, being interviewed by a journalist, talking about that and other aspects of family business, and answer the questions.

- 1 What statistics does he give in order to illustrate the importance of family businesses in the global economy?
- 2 Which successful family businesses does he mention?
- 3 Why can these firms be difficult to run and what are the main pitfalls?
- 4 What does he say about the importance of documentation?
- 5 What is the 'waiver agreement' he refers to and why is this important in family business arrangements?
- 6 What does he say about the importance of communication?
- 7 According to him, how should succession planning be organised?
- 8 What percentage of family businesses continue beyond the third generation?

Speaking

Some people believe that while the founder of a family business may be driven by the need to succeed, the next in line may take that success for granted and not be the best qualified to run the business.

What, in your opinion, is the best way to prepare a member of the younger generation for running the family firm?

- Business studies and then an MBA
- Work in the family company from the bottom up
- Work in a similar company to the family's with no privileges
- Work in a difficult and physical job with poor pay and bad conditions



An Internet search using the keywords 'succession planning' will list websites that deal with different aspects of this subject. Find a website that gives advice about how to prepare for the replacement of key staff.

Language check

Determiners

When we use nouns, we usually precede them with one or more 'determiners'. These include different categories of words such as the articles (*a, an, the*), possessive adjectives (*their, your, etc.*), demonstrative adjectives (*this, those, etc.*), numbers and quantifiers (*any, each, either, every, some, etc.*) and the negative determiners (*no, neither*). Other determiners include the *wh*-determiners *whatever, whichever* and the relatives *which* and *whose*. By using determiners we can form noun phrases which give key information about what the noun is referring to. Some determiners can be combined together but must follow a particular order.



For more information, see page 154.

1 Place each underlined determiner under the correct category heading.

Articles	Possessive adjectives	Demonstrative adjectives	Quantifiers	Wh-determiners	Negative determiners

- 1 New investment in machinery has been postponed for the next six months because we have so few orders.
- 2 Whatever the outcome of the merger, the contract stipulates that neither party may use the other's proprietary information.
- 3 Only those workers whose contracts are up for renewal will be affected by the layoffs.
- 4 Our safety record shows that there have been no more accidents this year than last.
- 5 All the employees are entitled to three weeks of vacation leave.
- 6 Some people would argue that there is no such thing as an Internet business model.
- 7 Obitek's main advantage is that it can develop applications in half the time it takes its competitors.
- 8 Each business unit has a specific operational focus.

2 How many other determiners can you find in the sentences?

Practice

Complete the text by adding the appropriate determiners from the box.

any whose neither the one its no whatever few a

IKEA, ¹ _____ founder Ingmar Kamprad is currently rated as possessing one of Sweden's biggest fortunes, has always followed a business model that has been ² _____ envy of its competitors. ³ _____ the economic climate, IKEA has always been able to maintain its popularity among consumers and to continue its successful expansion into new markets around the globe. ⁴ _____ other mass market retailer has managed to do that quite so well. Innovative design and clever marketing are part of the winning formula but ⁵ _____ factor is sufficient to explain the IKEA phenomenon. However, if you add organisational efficiency, cost-cutting and an obsession with competitive

IKEA: Flatpack accounting

pricing then you have an unbeatable combination. IKEA is one of the ⁶ _____ major retailers that is still privately owned and understanding its unique structure is a bit like assembling one of ⁷ _____ famous flatpacks! IKEA is a family company which has organised itself so that it is immune to ⁸ _____ attempt at a takeover. The company also set up ⁹ _____ charity that is ¹⁰ _____ of the world's richest foundations.



Career skills



Team building

Team leaders in global organisations are often faced with the task of forming a team whose members may be based in multiple locations, with different cultures and backgrounds. Selecting the right people for a job or business project therefore requires careful planning and skill. There is a lot more involved than simply mixing complementary skills. The list of team building practices below can help build teams that operate efficiently.

1 Set clear objectives

Start by doing this because once the team agrees and understands the goals and targets they are better able to work together to achieve the required results. This is important because _____

2 Match tasks to skills and motivation

Recognise people's fields of expertise. People will be more motivated doing things they are good at. This is important because _____

3 Think about interpersonal dynamics

Putting people with complementary skills on the same team isn't enough. Personality types are also important. If personality clashes arise, the team leader needs to help resolve the issues quickly. This is important because _____

4 Develop a good team leadership style

When leading a team it is generally better to be a 'coach' rather than a 'star player'. Good leaders allow members to save face when they fail and praise and acknowledge achievements. This is important because _____

5 Communicate constantly and review performance

Keep the team informed of any developments or changes that will impact on their performance or completion of tasks. Give regular feedback on performance and negotiate ways to move forward after these sessions. This is important because _____

Read the list above and then complete the second paragraph of each point above with one of the following.

- a ... unbalanced teams with incompatible personalities may result in time wasting arguments which often lead to long term divisions in working relationships if not dealt with promptly.
- b ... it helps the team form a shared vision of what is expected of them, right from the start.
- c ... keeping everyone objective and focused on the project is the most important role of the team leader. Regular, open and productive meetings about progress are therefore paramount to success.
- d ... if you indulge in fault finding and fail to accept your part of the blame when things go wrong the team will become resentful and unproductive.
- e ... if you allow your team members to progress in the areas where they excel and have most interest, you will effectively keep them engaged and avoid having unhappy and frustrated team members.



Speaking

Look at the pictures of some corporate team-building activities and answer the questions.

- Have you ever done any of these activities?
- Which activity, if any, appeals to you?
- Would you refuse to participate in any of them? Why/Why not?
- Do you think that these kinds of activities can help promote 'team spirit' among colleagues? If so, how?
- What other team building activities can you think of?

Listening 3

Listen to the team leader and take notes summarising what she says about each team-building activity.



Food and refreshments for meetings	
Evening drinks and meals	
Clubs, dancing, theatre	
Away days	
Challenging sports pursuits	
Games and 'fun' activities	
Charity events	
Training courses	

Speaking

Which of the above requires cultural awareness and sensitivity? Why?

Culture at work

Working across cultures

In order to develop effective international teams it is necessary to create an environment which both acknowledges and values cultural differences. Cultural diversity can cause problems but can also be beneficial. For example, in cultures where individuals are viewed more as independent selves, individual achievement and recognition will be important; in cultures where individuals are viewed more as interdependent, interactive and connecting members of the group – or team – to which they belong, collective goals will be more important.

Recognising the nature and implications of cultural differences will lead a team to a shared vision about how best to achieve common goals. On the whole, a cultural mix will benefit an organisation, especially where its customers are also from a range of different cultures. What special qualities and positive characteristics could someone from your culture bring to an international team?

Dilemma & Decision

Dilemma: Bullies on the team

Brief

Arcadia Outdoor Advertising Inc. is a successful advertising agency which specialises in creative outdoor advertising poster campaigns. The company organisational structure is decentralised and works on the basis of collaboration between all the creative and logistic teams in the company. Recruitment practices are rigorous and every effort is made to include only people with complementary skills and compatible personalities.

However, the bullying of a new recruit by more senior members of one of the teams has recently come to light. The new employee mixes well with most of the staff but is being bullied by three female team members. They continually harass her by being rude, criticising her performance and blaming her for their mistakes. One woman, who appears to be the instigator of the bullying, has been with the company for three years and is a key team member, while the other two have two years of service and a good performance record. The nature of the organisational structure means that the bullying situation is putting a strain on all the teams, who collaborate on a daily basis. Therefore the situation is detrimental to the whole department's effectiveness.

The head of the department, Anna Kidder, needs to find a solution. She has tried talking to the 'bullies' but without success. The victim seems to be under a great deal of stress, the department's work is suffering and it reflects badly on Ms Kidder's own promotion chances if the situation continues. There are four options open to her at this time:

- Issue written warnings to the three bullies and then arrange to meet them to discuss the problem.
- Build a case, with the help of HR and the legal experts, which will allow her to dismiss the instigator in the hope that the other two will not continue.
- Arrange for the victim to attend a self-help course to deal with bullying.
- Transfer those responsible for the bullying to another department.

Task 1

In pairs or small groups, evaluate the advantages and limitations of each of the four options. Consider long term as well as short term solutions.

Task 2


Decide which of the options or combinations of the options you think Anna Kidder should take and prepare to present your arguments to the other pairs or groups.

Task 3

Present your decision to the class.

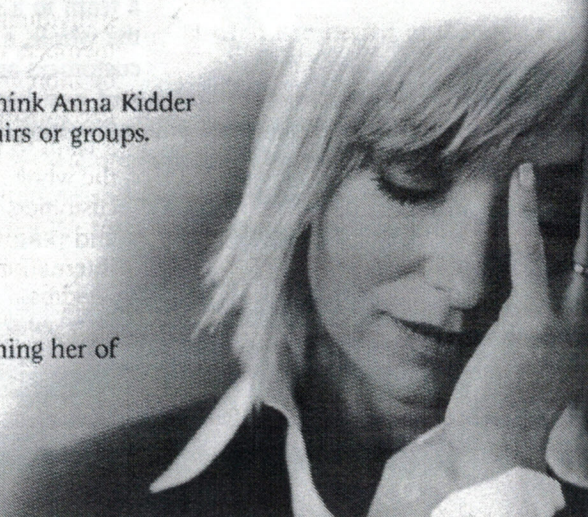
Write it up

You are Anna Kidder. Write a memo to your senior director informing her of the decision you've taken.

 For more information, see *Style guide*, page 18.

Decision:

- ⊕ Listen to Naomi Dreiblatt, who runs a consulting firm that deals with bullying, talking about the problem.
 - 1 What is the true cost of bullying in an organisation?
 - 2 What does she say about each option open to Ms Kidder?
 - 3 What advice does she give about meeting with the bullies?
 - 4 What advice does she give about establishing a policy to avoid bullying?




Preview **How do you react to change?**

1 Implementing and adapting to change have become a major part of daily working life. In pairs, do the questionnaire below to determine how open or averse you are to change. Answer 'yes' or 'no' to each question.

How do you cope with change?

- 1 Do you tend to have a low tolerance for situations which are not clear?
- 2 Do you creatively maximise your resources?
- 3 Do you feel uncomfortable managing situations which involve uncertainty?
- 4 Do you ever take unnecessary risks?
- 5 Do you think the world is unpredictable and contradictory?
- 6 Do you feel that your skills and competences are limited?
- 7 Do you find it difficult to break from the established ways of doing things?
- 8 Do you ask for help when you don't understand something?
- 9 Do you have a problem with resolving conflicts?
- 10 Do you feel comfortable with stress?
- 11 Do you have a hard time changing priorities?
- 12 Do you challenge your own assumptions about how things should be done?
- 13 Do you prefer to concentrate carefully on doing one thing at a time?
- 14 Do you find it easy to ask for help when you don't understand a task?

2 Turn to page 135 to discover your scores.

Listening 1 

1 Harrie Barron, a management consultant, is talking about change. Listen to part 1 and answer the questions. In his opinion:

- 1 What does 'change management' mean?
- 2 How do people normally react to change in a work environment?
- 3 What are the three stages of change management?

2 Now listen to part 2 and answer the questions.

- 1 What can be done to persuade people to accept change?
- 2 What are some of the mistakes managers make when introducing change?

Reading 1 **Italian change champions**

The following questions refer to information given in paragraphs 1-6 on the opposite page. Which paragraph(s) are referred to in each question?

- 1 How did Gino Cocchi turn the company around?
- 2 What led to Carpigiani increasing its market share in the US?
- 3 Which factors caused Carpigiani's decline?
- 4 What are the positive and negative impacts of globalisation on the company?
- 5 What do we know about the company's current situation?
- 6 What does Gino Cocchi say the company had forgotten?