

CHAPTER 3. GETTING ORGANIZED

CHAPTER 3 OVERVIEW

Chapter 3 Summary

In Chapter 3, the authors explore the origins, focus, and content of the structural frame. They outline:

1. *Core assumptions* that underpin structural thinking.
2. Two *basic tensions* of organizational design (dividing work or *differentiation* and coordinating individual contributions or *integration*).
3. Major *options for structural design* (different ways to allocate and coordinate responsibilities).
4. *Structural imperatives* (an organization's size and age, core process, environment, goals and strategy, information technology, and work force) to consider in determining an appropriate structure.

Finding the right structure is a central concern of any organization. Structure is more than lines and boxes on an organizational chart: it is a rational arrangement of roles and relationships that depicts desired patterns of activities, expectations, and exchanges among employees and with external constituents like customers or clients. *Structure* is not synonymous with *bureaucracy*, *red tape*, or *rigidity*. It is a set of arrangements intended to accommodate an organization's needs for standardization, efficiency, clarity, and predictability given its goals and environment. Questions to guide managers in structural design concern such matters as criteria for dividing up work and methods for vertical and lateral coordination.

Chapter 3 Key Terms

Bureaucratic model: Weber's model of the ideal organization, which maximizes norms of rationality. Features include a fixed division of labor, a hierarchy of offices, a set of rules governing performance, separation of personal from official property and rights, selection of personnel based on technical qualifications, and employment as primary occupation and long-term career.

Social architecture: The planning and design of organizational culture; an arrangement of roles and relationships within an organization designed to maximize organizational effort.

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Differentiation: Division of labor; allocation of work into specialized roles.

Integration: The coordination of individual work roles and units.

Vertical coordination: A form of integration in which higher levels coordinate and control the work of subordinates through authority, rules and policies, and planning and control systems.

Lateral coordination: A form of integration less formalized and more flexible than vertical coordination in which work is coordinated through formal and informal meetings, task forces, coordinating roles, matrix structures, and network organizations.

Core technology: An organization's central process for transforming raw materials into finished products. A core technology has at least three elements: raw materials, activities that transform raw materials into desired ends, and underlying beliefs about the cause-and-effect relations that link materials, activity, and outcome.

Chapter 3 Major Case Examples

- USS *Kennedy* aircraft carrier contrasted with New York fire and police departments
- Saturn
- Asea Brown Boveri (ABB)
- McDonald's
- Harvard University
- Microsoft and the development of Windows NT
- Citibank

SUGGESTIONS FOR TEACHING CHAPTER 3

The central ideas in Chapter 3 revolve around understanding assumptions of the structural frame and basic elements of organizational design. Teaching options include a focus on:

1. The content of the structural frame.
2. Applying the frame's ideas to organizational design.
3. Understanding structural thinking.

Teaching methods appropriate for each approach are described in the sections that follow. Student exercises keyed to the approaches appear in "Student Exercises for Chapter 3," beginning on page 10.

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Chapter 3: A Focus on the Content of the Structural Frame _____

Students unaccustomed to the language of organizational theory and design may balk at the complexity of structural thinking and its emphasis on rationality. It may be critical for instructors to use the chapter to drill the basic contents of the structural frame and to show how the pieces fit together. Various instructional tools that can help in the process include cases, organizational simulations, films, and novels. (Also see Exercise 3.1.)

Chapter 3: Cases Focusing on Frame Content

Through the use of cases, students in large or small groups can examine an organization's goals and strategy, boundaries, levels of authority, communications systems, coordinating mechanisms, roles, rules and procedures, differentiation and integration processes, information technology, and work-force characteristics.

- One possibility is Cypress Semiconductor: Vision, Values, and Killer Software (A and B, Stanford HR-8A, available from HBS). Cypress copes with a fast-changing, cyclical, low-margin, intensely competitive market using very strong vertical coordination and control systems. (The case is also effective in contrasting the structural and human resource frames because of the company's highly structured systems for managing people.)
- Meg Whitman at eBay ([A] [HBS 9-400-035]) provides a provocative contrast to Cypress, showing how two Silicon Valley firms with very different environments and technologies evolved distinctive structural forms. If students can come to understand how the differences in structure in the two firms make sense in terms of differences in goals, environment, etc., they will be well on their way to understanding the basics of structural thinking. (Like Cypress, eBay is a multiframe case; it can also be used to contrast human resource practices, culture, and leadership.)
- Lyric Dinner Theater (HBS 9-386-056) examines structural problems in a small, struggling theater where a recent MBA has just come in as general manager.
- Symantec (HBS 9-491-010) lets students explore the structural issues in a fast-growing, medium-sized software firm.
- Microsoft: Multimedia Publications ([A] [HBS 9-695-005] and [B] [HBS 9-695-006]) probes the structural implications of the software company's move into consumer CD-ROM products.
- General Electric: Reg Jones and Jack Welch (HBS 9-391-144 and teaching notes) is a more complex case, ideal for sophisticated students ready to examine the evolution of strategy and structure in a major U.S. corporation over several decades.

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- Motorola: Government and Systems Technology Group (HBS 9-494-137) examines a major effort to reorganize in the face of declining business, with moves toward a more team-oriented, decentralized organization.

Cases in education and the public sector include:

- Private Food Service in Houston's Public Schools (KSG 1622). Should Houston Superintendent of Schools Rod Paige proceed with an initiative to privatize food service in the district? (This case includes human resource and political issues as well.)
- Mayor Anthony Williams and Performance Management in Washington, D.C. (KSG 1647). After winning election on a campaign to make government more effective, Washington's new mayor promotes a comprehensive performance management system that asks each city department to develop a scorecard of measurable goals and to report regularly on success in achieving them.
- Assertive Policing, Plummeting Crime: The NYPD Takes on Crime in New York City (KSG 1530). A new police chief initiates a computerized crime-tracking system as a tool for deploying police manpower.
- Providing Two-Way Feedback: Assessing Headquarters and Field Service Performance at CARE (HSG 1283). A major nongovernment organization launches an effort to improve communications and mutual understanding between headquarters and the field.

Other interesting cases for exploring structural issues include the following:

- Industrias Gessy Lever Ltda. (HBS 9-393-061).
- Intel Corp: Leveraging Capabilities for Strategic Renewal (HBS 9-394-141).
- First National City Bank Operating Group ([A] [HBS 9-474-165] and [B] [HBS 9-474-166]).
- Conasupo (HBS 9-375-357).
- Continental Airlines ([A] [HBS 9-385-006]).
- General Foods: Food Service Division ([A] [HBS 9-475-065]).
- Diamond Instrument Co. ([A] [HBS 9-475-071]).

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- Rockford Containers ([A] [HBS 483-092], [B] [HBS 9-483-093], and [B & C condensed] [HBS 9-475-056]).
- Job Corps (HBS 9-375-152).
- RFK High School (reprinted in Bolman & Deal, Chapter 20).
- Seneca University (ACE).

Chapter 3: Activities Focusing on Frame Content

Another alternative is to run an organizational simulation. Students can experience the tensions, pressures, costs, and benefits of organizational structure and use structural terms and concepts in debriefing the event. Two simulations lend themselves well to an exploration of structural issues.

- William O. Lytle's *The Flying Starship Factory* (available from Block-Petrella-Weisbord, 1009 Park Avenue, Plainfield, N.J. 07060; see the Web site at <http://www.flyingstarship.com/>) creates task-specific teams that must coordinate their efforts to produce origami starships that meet quality standards. This simulation focuses on learning about differentiation and integration processes and the ways in which task, technology, and roles interact with workers' needs and expectations to produce high-quality goods and satisfied employees. (Ask the publisher about educational rates for noncorporate classroom use of the simulation.)
- Lee Bolman's *Management Resources Corporation: An Organizational Simulation* creates a three-tiered production company trying to produce advertising slogans for a client system. This simulation focuses on learning about roles, hierarchy, rules, boundary management, communications systems, and the connections between an organization and its environment. (It also explores power and conflict and, therefore, is also useful for the political frame or integrating multiple frames.) Different versions of the simulation for educational, private-sector, and public-sector contexts are available on the Web at http://bloch.umkc.edu/classes/bolman/organization_simulation.htm.
- Other large-scale behavioral simulations, such as *Looking Glass Inc.*, *Metrobank*, and *Landmark Insurance Company*, can also be used. These simulations do not address structural issues as directly as the two just mentioned but do immerse students in realistic contexts in ways that can powerfully illustrate structural constraints and benefits. Each of these simulations is different in focus, context, and processes. *Metrobank*, for example, focuses on the impact of technology on organizational

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structure and effectiveness, while *Looking Glass Inc.* is best for exploring differentiation and integration, roles, and hierarchy.

Instructors using simulations will need to define their focus and teaching objectives clearly and help students identify and articulate what they have learned. A comparison of large management simulations (including the three suggested in the preceding paragraph), information about obtaining simulations, and additional suggestions for classroom use can be found in S. Stumpf and R. Dunbar, “Using Behavioral Simulations for Teaching Strategic Management Processes,” *Organizational Behavior Teaching Review*, 1989–90, 14 (2).

Chapter 3: Films or Videos Focusing on Frame Content

Films can be used to illustrate various aspects of the structural frame.

- Films such as *Antz*, *Modern Times*, *Disclosure*, *9 to 5*, *Broadcast News*, *Brazil 97*, *M*A*S*H*, *Lean on Me*, and *Wall Street* provide diverse portraits of organizations with a wide range of structural concerns.
- Films (as well as other media) contain many different representations of the two faces of authority, the social glue that organizations can’t live without but people often can’t live with. Many depict a battle between a martinet or evil tyrant and a heroic rebel (*Caine Mutiny*, *One Flew Over the Cuckoo’s Nest*). Others, often in a military or sports context, depict a courageous authority figure who brings structure and discipline to a context where they are badly needed (*Hoosiers*, *Remember the Titans*, and *Twelve O’Clock High*).
- Other films illustrate specific aspects of the structural frame. For example:
 - Organization-environmental interface—*Roger and Me*.
 - The impact of structure on human behavior—*The Breakfast Club*, *Stand and Deliver*, and *Kiss of the Spider Woman*.
 - Organizational goals—*The Bridge on the River Kwai*.
- Another option is to use films to contrast organizations with different structures: *Dead Poet’s Society* can illustrate a school with clear goals and strong, top-down authority, in contrast to *Stand and Deliver*, which depicts an urban high school with ambiguous goals and weak authority.

Before showing a film, instructors will want to give students a structural template—as simple as a list of the structural features that they should look for. That way, students can view the film with structural lenses firmly in place. Instructors might also want to create subgroups within the class, assigning a different structural issue to each group. This

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offers opportunities to move from identification of structural issues in the film to the appropriateness of the class structure for the assignment.

Another option is to use a training film or video to explore specific aspects of the structural frame. Possibilities include:

- *Not by Jeans Alone* (LCA), an exploration of the organizational implication of Levi Strauss's decision to expand its product line, focuses nicely on differentiation and integration issues.
- *The Smart Workplace* (FH) focuses on the workplace of the future and illustrates many of the practices mentioned in the discussion of Saturn.
- *Reengineering the Corporation* (FH) uses case studies and CEO interviews to explore principles of reengineering.
- *The Innovative Organization* (BNA) examines organizational goals, structures, task forces, and project teams in fast-changing organizations.
- *The Corporation* (Carousel) explores goals, the environment, policies, and practices at Phillips Petroleum.
- *Goal Setting for Fun, Health, Profit* (Salenger); *Defining the Manager's Job* (BNA); *Management by Objective Film Series* (BNA); and *Productivity and the Self-fulfilling Prophecy: The Pygmalion Effect* (CRM) deal with different aspects of goal setting. *Defining the Manager's Job* also examines the importance of role clarity.
- *Internal Organization* (CRM) is a classic 1951 film on delegation of authority, hierarchy, and division of labor.

Chapter 3: Reading Focusing on Frame Content

Instructors might consider using novels and popular fiction as a way of helping students integrate structural concepts into understandings about everyday organizational life.

- *Women's Work* (New York: American Library, 1981) by Anne Tolstoi Wallach explores the ways in which organizational rules, roles, and regulations contribute to worker frustration. The novel also offers opportunities to examine the interconnections between gender and structure. The novel's plot mirrors the real, modern-day exodus of women from large organizations to smaller entrepreneurial ventures.

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- *The Bonfire of the Vanities* (New York: Warner Books, 1990), by Tom Wolfe, captures the impact of the environment and the realities of roles and hierarchy on Wall Street firms.
- *Murder Makes the Wheels Go Round* (New York: Pocket Books, 1983), by Emma Lathen, is an enjoyable opportunity for students to solve the crime while seeing organizational structure, roles, job design, and the pressures of the external environment in action. (Instructors should see A. Cowden's "Mystery Novels as Organizational Context," *Organizational Behavior Teaching Review*, 1989–90, 14 [2], for additional teaching suggestions using this literary genre.)
- Anthologies such as P. Frost, V. Mitchell, and W. Nord's *Organizational Reality: Reports from the Firing Line* (Glenview, Ill.: Scott, Foresman, 1986) and C. Burden and V. Mock's *Business in Literature* (Atlanta: Georgia State University College of Business Administration, Business Publishing Division, 1988) are alternative sources of artistic and literary excerpts for use in the classroom.

Chapter 3: A Focus on Organizational Design _____

The central ideas in Chapter 3 also lend themselves to a focus on organizational design. Rather than concentrating solely on understanding the key structural concepts, students can explore the dynamic nature of the design process, trade-offs that must be made in putting together an appropriate structure, the critical choice points, the structural implications of decisions, and so on. The cases and movies mentioned elsewhere in the Chapter 3 teaching notes are suitable for this purpose. Discussion of family structures also covers this point nicely.

In addition, Exercise 3.2 offers several alternative activities that require students to design an organization. Note that processing the outcomes of these design activities in the larger group is important. Comparing and contrasting the similarities and differences, costs and benefits, strengths and weaknesses in proposed designs lead to discussions about multiple possibilities for organizational structure and the implications of design choices.

Chapter 3: A Focus on Structural Thinking _____

Every organization has people whose dominant frame is structural. Engineers, accountants, financial managers, and systems analysts are among groups that tend to align with structural thinking. Not all students will share this tendency, however, and students are often critical of those whose worldviews are different from theirs. Since effective working relationships in diverse organizations require cooperation across a range of different cognitive approaches, one possible teaching focus for Chapter 3 is understanding structural thinkers and what they contribute—their assumptions, strategies, preferred interaction styles, and so on. Better understanding should help nonstructural

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students work more effectively with bosses, co-workers, and subordinates who adhere to the structural frame.

Many cases and movies let students see structural thinking in action, explore its implications for the organization, and test their own reactions. After examining these issues, students in large or small groups can work to develop strategies for establishing effective workplace relationships with rational thinkers. Instructors may want to remind students to probe issues such as choice of language; ways to present and frame information, problems, and disagreements; the interpersonal implications of expectations for rationality and control; and so on.

Chapter 3: Cases Focusing on Structural Thinking

- John Reed, Robert White, and the people who orchestrated the reorganization of the First National City Bank Operating Group are classic examples of structural thinkers. (Bolman and Deal use Citibank in Chapter 4 as a major case example.) The First National City Bank Operating Group series ([A] [HBS 9-474-165], [B] [HBS 9-474-166], [A-1] [HBS 9-475-061], and [B-1] [HBS 9-475-062]) provides rich insights into their leadership in the redesign process, as well as their thinking about management, design, and organizational change. Case B can be used by itself as an accessible but challenging test of students' ability to do structural analysis, as suggested in Exercise 3.3.
- Novartis Pharma: The Business Unit Model (HBS 101-030) tells the story of a major structural reorganization in June 2000 in the pharmaceutical arm of a major Swiss company. A case for more sophisticated students, it explores why Novartis moved toward a matrix structure, the challenges the new structure created, and what management needed to do to make it work.
- USA Today: Pursuing the Network Strategy (HBS 402-010) explores the structural challenges at this national daily newspaper as its management built an on-line arm. A key issue was the optimal pattern of differentiation and integration between the print and on-line units.

Chapter 3: Films or Videos Focusing on Structural Thinking

- *Lean on Me*—Joe Clark's initial approach to school and staff reorganization illustrates the structural frame in action. A classic scene is Clark's first staff meeting, where rules, roles, hierarchy, chain of command, and an emphasis on control and coordination dominate.
- *Dead Poets Society*—The headmaster is a structural frame thinker throughout the film. It is possible to contrast his structural interpretation of the teacher's role with the role interpretation of Professor Keating, which tends toward the human resource and symbolic frames. A classic scene is the one in which the headmaster gives a student

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his book to read aloud a standard recipe for determining the quality of poetry—the same passage that Keating had asked students to rip out of their books in order to free their own interpretive voices.

- *Hoosiers*—The new coach establishes different definitions of the coach-player roles, strict rules and clear punishments for violation, an undisputable chain of command, and no-nonsense standard operating procedures.
- *Stand and Deliver*—Jaime Escalante transports his engineering experience and beliefs to the structuring of his classroom and his students’ attitudes toward themselves and math. This film captures the attraction to as well as ambivalence toward strong, highly structural thinkers.
- *A Taxing Woman* and *A Taxing Woman’s Return*—The Japanese tax collector who is the central character in both films lives strictly by the rules and regulations in her interactions with clients and friends. Because the films are comedies, they add a different twist to the usual perspective of the structural thinker as humorlessly heavy-handed.
- *Ikiru*—The opening scene, in which women are sent from department to department as they try to initiate government cleanup of a swampy neighborhood lot, is a classic portrayal of the dark side of bureaucracy. The film’s main character, Mr. Watanabe, is the classic bureaucrat, taking his first day off from work in thirty years to see a doctor. His medical treatment as defined by hospital policy, his reaction to his diagnosis, and his working of the structures at his job during his last five months of life are powerful. (Instructors should see W. Gartner’s “To Live: The Obligation of Individuality,” *Organizational Behavior Teaching Review*, 1989–90, 14 [2], for a review of *Ikiru* for classroom use and additional teaching suggestions for the film.)

STUDENT EXERCISES FOR CHAPTER 3

EXERCISE 3.1

Focus: Content of the Structural Frame

Students often feel burdened by the terminology of the structural frame and overlook knowledge and experience they already have. Drawing upon what students know about structure can be eye opening and bring new life to what many students see as a “dry” frame.

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- Ask students to come to the board and draw the structure of their family; this exercise produces enormous variation and helps students see first-hand a range of structural options in a familiar system.
- With undergraduates, have students discuss problems of ambiguity and grading inconsistency in their classes.

EXERCISE 3.2

Focus: Organizational Design

Ask students to design an organization using one of the following options:

Option 1. Create a brief description and set of conditions for an imaginary organization and ask students, individually or in large or small groups, to outline a structure to meet the situation presented. When this activity is done in groups, instructors can continue to work on issues of structure by asking the groups to meet again after the assignment to explore their own structure: What kind of structure did the group evolve or choose for itself in order to get this task done? How did it make its choices? What influenced the structure? How appropriate was the structure for the task?

Option 2. A variation on Option 1 is to create an imaginary organization and ask students to assume that they are its members. This works well for undergraduates, who may need something concrete and within their range of experiences. For example, form small groups and ask students to assume that they are members of an organization commissioned by their college president to produce a new student-related product. Their job is to design a structure for their new organization, assume that they will be its only members, and allocate roles and responsibilities to each other.

Option 3. Form student task groups and describe a real class assignment that the group will be expected to do at a later date—for example, a group case-analysis paper. Ask students to meet, design the most appropriate group structure for the expected assignment, and prepare a one- or two-page description of their structural plan. Once they have completed the actual assignment and handed it in, have the students meet again to reflect on the appropriateness of their proposed structural arrangements for the task.

Option 4. Use the class itself as the organization, asking students to propose a structural design to maximize learning for all. The benefit of this activity is the implicit feedback from students on the course's present structure and the opportunity for students to explore and recognize the relevance of their readings for their everyday activities.

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Option 5. Use existing student study or task groups and ask them to design the most appropriate structure(s) for the group and its assignments. Instructors can work on issues of structure throughout the term by asking these groups to meet periodically to assess the appropriateness of their structural arrangements and to record the changes that have evolved or been chosen over time.

EXERCISE 3.3

Focus: Structural Thinking

Case B in the First National City Bank Operating Group series (HBS 9-474-166) can be used by itself to test students' ability to do structural analysis. After students have read the case, ask them questions such as the following:

- What kind of structure did the back room have before the changes?
- How was it differentiated?
- How was it integrated?
- What were its strengths and weaknesses?
- How was the new structure different?

Push students to articulate the meaning of the change from one big pipeline to multiple smaller ones. With some guidance, students may come to see that the back room shifted from a functional structure (with the usual advantages and disadvantages) to a divisional one, augmented by elaborate new control systems that would not have been possible but for the increase in computing power that mainframes were providing in the era.

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