

The 1990s capability gap: we're talking teams but thinking the worker is still a machine

A high performance team is not a multi-part machine

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“The business world has been swept clean and is now ‘cooking with gas’ thanks to a revolutionary new business philosophy. Those who don’t get on board will be ‘left standing at the station.’”

This could be a summary statement from a current business journal but those with an eye for history will see that the slang fits the 1920s and not the 1990s. Have you been in a factory or office lately that says it’s on the *leading edge* and *pushing the envelop*, but in significant ways looks like it’s stuck in the 20s? I have and far too often.

Revolutionary management 1920s style — The management philosophy of the era of bathtub gin, gangsters, Model A Fords and the rise of General Motors was based on a machine metaphor. Refined at the turn of the century, by Frederick Taylor (scientific management), Henri Fayol (principles and elements of management), and Max Weber (bureaucracy), this is the management philosophy that still dominates our organizational landscape.

The system advocated by Taylor, Fayol and Weber may have been a useful, if not revolutionary, step forward for its time and social reality. It obviously facilitated the mass production of low cost, acceptable quality consumer and industrial goods and services. It also served as an efficient means of organizing large numbers of under-educated and/or non-English speaking immigrants and non-technical rural workers for urban technical work. But the world has changed and continues to change at an ever faster rate.

Even though we still have problems with literacy, the overall workforce is quite well educated, knowledgeable about technology, as well as aware

and protective of their political and work rights. Thus, while some aspects of the old system are still viable, blind application of what may have been appropriate in 1920 is out of step and unacceptable to both the workforce and the market place.

The autocracy hangover... The biggest failure of Taylor, Fayol and Weber may not have been in continuing to support hierarchical structures, but in not excising autocracy from the firm (our cultural holdover from pre-democratic forms of organizing work and societies.) All too often one can still see the *Divine Right of Kings* theory being exercised by today’s senior executives.

Can we simply say that today, you have to be fast, concerned about quality, teamwork and customers, and that you have to let go of yesterday’s management principles? The short answer is no, because it is not very meaningful just to state that our current predominant management philosophy is handicapping today’s organizations and then to prescribe a quick remedy. That is precisely what too many popular management gurus have done and continue to do.

We must first have an in-depth understanding of how and why the mechanistic management mind-set developed. This will help us to better grasp the need for change and broaden our frame of reference, enhancing our ability to make a radical paradigm shift that takes us beyond management methods and competency lists.

Organizational forms and their effectiveness over time...

The organizational capability gap — the gap between what a firm is capable of achieving and its current artificially set limits.

One of the most important aspects that we need to keep in mind is that tribes were and are not artificially contrived organizational entities — they evolved over millions of years.

Time	Basic production mode(s)	Organization size	Predominant organizational structure	Organizational information management capacity	Distribution of information, knowledge, power & rewards	Individual and organizational capabilities
1,500,000 BC – 10,000 BC	Hunting & gathering	Small	Regional organic networks	High	Widely distributed	High
10,001 BC – 1700 AD	Family farming, merchants and crafts guilds	Small – medium	Power based hierarchies	Adequate	Pushed to the top	Adequate
1701 – 1810	Family farming, & beginnings of high volume standardized products & services	Small – medium	Power & capital based hierarchies	Adequate	Defined by organizational level	Adequate
1811 – 1910	Agriculture, high volume standardized products & services	Small – large	Capital-based mechanistic hierarchies	Adequate	Defined by organizational level	Adequate
1911 – 1975	High volume standardized products/services	Medium – large	Capital-based mechanistic hierarchies	Adequate	Defined by organizational level	Adequate
1975 – 1985	Beginnings of high value products/services	Large	Knowledge based participative hierarchies	Limited	Limited amounts pushed to lower levels	Limited
1985 – 2,000 and beyond	Global high value products/services	Small – medium	Knowledge based, global organic networks	High	Widely distributed	High

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The organizational capability gap — If we wish for meaningful change to take place, the primary focus has to be on the context of the working environment, not just on ways to change the behavior of people. People are too complex to be governed by superficial techniques and how-to recipes. And new is not necessarily better. To create dramatic changes in the context of organizational life we need first to understand that there is a capability gap between what we say we want to be and how we are still operating our organizations. Second, we must understand that we need to humanize an organization before we can get serious about TQM and cultural changes.

The roots of humanistic organizations

The figure above provides a conceptual framework of organizational configurations and their effectiveness over time. It allows us to take a quick in-depth look at the development of management thought and its impact on current organizational practices. I

The world of organic networks — For more than a million years prior to about 10,000 B.C. the basic industrial base or production mode for society was hunting and gathering, considered by anthropologists as the most successful way of life humans have ever achieved.

“People are too complex to be governed by superficial techniques and how-to recipes.”

“Everyone was very aware as to where they had been, how successful they had been in their endeavors, what their goals were, and what every organizational member needed to do to accomplish their mutually agreed-upon objectives.”

Organizational size... Organizations were small, consisting of extended families, bands, and tribes. A tribe seldom included more than 50 to 150 members, and hunting parties were usually limited to four to six people. I classify the predominant organization structure of the time as regional organic networks because tribes were very mobile, moving 1,300 to 2,200 miles seasonally from one location to another.

Predominant decision making structures and authority in organic networks... Richard Lee’s research supports the contention that there was a natural organic relationship among group members. For example, there were no permanent leaders. Leadership was fluid and situational. Also, the tribes did not hunt and gather as one unit; rather, small bands and teams dispersed to accomplish their tasks. Consequently, the tribe was composed of a number of closely-knit networks. In addition, there were overlapping networks between tribes.

Information management capacity in organic networks... The organizational information management capacity of a tribe was very high, due to its small size and the intimate relationships of all its members. Everyone was very aware as to where they had been, how successful they had been in their endeavors, what their goals were, and what every organizational member needed to do to accomplish their mutually agreed-upon objectives. A tribe was able to respond quickly to any situation because of the ease with which information could be disseminated, evaluated, and acted upon by everyone concerned. This high capacity for information management also helped to develop a collective memory and mindset that served as an organizational compass, keeping all tribal members on the same course without restraining individual initiative. It was a key factor supporting unincumbered self-management.

Distribution of information knowledge, power and rewards in organic networks... Edward E. Lawler suggests that there are four key elements needed to determine the degree to which individuals and teams become highly involved in organizational activities. These elements are:

- Information sharing for coordination and cooperation...
- Knowledge for task accomplishment...

- Power for decision making...
- Rewards that are meaningful and equitable.

When information, knowledge, power, and rewards among an organization’s members is limited or unevenly distributed, it cannot reach its full potential. Individual and team commitment is dependent on trust and a shared sense of common purpose; therefore, people must feel that they can make a difference and that their actions are beneficial to themselves and the group as a whole. Essentially, they must feel that they are full partners in an endeavor. Without equitable distribution of the four elements, such partnerships are impossible. It appears that in hunting and gathering societies, these four elements were widely and equitably distributed.

Individual and organizational capabilities in organic networks... It is also evident that individual and organizational capabilities of hunting and gathering societies were very high. According to Margaret Power, tribes were truly egalitarian organizations that allowed individual and group capabilities to be developed to the fullest. There was a general division of labor between men and women but there was no separation by status. Men and women participated equally in decision making and influence was based on their knowledge, age and wisdom. All adults were autonomous and each owned their own means of production (knowledge, tools and weapons), yet had a strong ethic of sharing.

Essentially, there was consensus on purpose and direction. Everyone had a sense of identity and connection. Interdependence, intimacy, equity, trust, and sharing flourished. The context of the day-to-day environment thus was one that promoted individual and team commitment. People were fully engaged, not only at the rational, but also at the ethical, spiritual, and emotional levels. Everyone assumed complete responsibility for themselves and the group. Finally, recent evidence suggests that the foraging way of life was not as strenuous and unproductive as it is customarily portrayed.

The impact of climate changes on social production — One of the most important aspects that we need to keep in mind is that tribes were and are not artificially contrived organizational entities — they evolved naturally over millions of years as a means to adapt to the ever changing climate and local ecology.

The impact of the physical climate... Yale geologist Elisabeth Urba and biological anthropologist Robert Foley of Cambridge suggest that physical climate probably played a vital role in our evolutionary process. About two and a half million years ago, due to climate changes in the African savanna, traditional foods became seasonal and patchy. This forced some of our ancestors to leave the area to obtain new, harder-to-find food sources. "Humans thus needed to learn about living in ever-larger groups covering ever-larger ranges, and these hunters also had to communicate with one another more efficiently." Essentially, we became more intelligent and carnivores by adaptation, not for the purpose of dominating fellow humans and other living organisms, but to be able to work together and adapt as members of an evolving ecosystem.

Coping with today's global economic climate changes... We need to rediscover some of these humanistic and adaptive organizational characteristics of the past and apply them to today's equally turbulent physical, political and economic environment, since we have not changed biologically. Only our technical skills and knowledge have expanded.

The development of artificially contrived organizations

The advent of agriculture had a monumental impact on social institutions. It also became the cornerstone for the development of artificial organizations — organizations that gave less consideration to social needs such as a sense of identity, connection, emotions, free will, equity, and ownership. Rather, most people simply became more and more a resource for large productivity oriented organizations devoted to producing ever-larger quantities of goods at increasingly faster rates, and whose productive gains would not necessarily be equitably shared. In this new work environment, obedience and predictability became more valued attributes than creativity and initiative.

When people began to till the soil and breed stock, formerly close-knit community relationships which placed major emphasis on organizational flexibility, an ethic of sharing, and maximum social interaction, began to break down rapidly. According to John Yellen, the primary reason for this rapid change is thought to have been caused

by the accumulation of excess wealth — wealth that exceeded immediate daily needs and therefore minimized the importance of the ethic of sharing. Further, close ties between individuals and groups diminished, since families could now live relatively independently on self-sustaining territories. Excess wealth produced by agriculture eventually enabled large civilizations to develop, but at a high cost. Civilizations that would follow progressively dehumanized organizational life.

Size and disempowerment — Why and how were people disempowered more and more as organized efforts became increasingly larger? Further analysis of the data presented in the first figure indicates that there is an obvious relationship between size and structure. As organizations increased in size beyond 150 members, between 10,000 BC and 1700 AD, the organic organization structure became inadequate. It reached the limits of its information management capacity. Goals could no longer be agreed upon and activities properly coordinated simply by the involvement of all group members. Also, settled land had to be protected from intruders.

The birth of the planning/management class... Productivity oriented and machine like, power-based hierarchies developed to handle the increased information management needs and territorial defense requirements. Historically, this was the most dramatic shift in organizational design. Essentially, a small number of the general population evolved into positions of power due to their increased accumulation of wealth and land holdings. They became the nobles who, because of their position power, could plan activities based on their personal desires and direct others to carry out the plans. These individuals can in general be labeled as the *planning or management class*. Others became the *doers*, (serfs, peons, tenants) or employees as they are called today.

Adequate or mediocre information management... The result was that organizational information management capacities became only adequate since everyone could no longer be fully engaged. Permanence, as opposed to mobility and change, tends to frustrate individual actions caused by increased barriers in the pursuit of goals. Further, direct competition as opposed to indirect competition (hunting and gathering), invalidates the social norms of sharing.

Changes in decision making structures and capabilities...

Time	Organization size	Predominant organizational structure	Organizational information management capacity
1701 – 1810	Family farming, & beginnings of high volume standardized products & services	Power & capital based hierarchies	Adequate
1811 – 1910	Agriculture, high volume standardized products & services	Capital-based mechanistic hierarchies	Adequate
1911 – 1975	High volume standardized products/services	Capital-based mechanistic hierarchies	Adequate

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“(T)he nobles or owners were gradually replaced by professionals who began to manage the capital of the owners and investors.”

The half measure paradox: participative mechanistic management 1975–1985...

“The capacity to process management information became limited. I am not referring to the ability to process huge quantities of data through computers; rather, my concern is with people’s abilities to respond as quickly as possible to emerging opportunities and problems.”

Distribution of information, knowledge, power and rewards in artificial organizations... Also because of centralized control, the distribution of information, knowledge, power and rewards were pushed to the top. Therefore, the doers no longer had the means or the incentive to become highly involved. They merely followed orders. Overall, however, individual and organizational capability could be maintained at an adequate level through fear and control of resources in a relatively static environment.

A look at the data between 1700 and 1975 [2] reveals that no radical shifts took place in the hierarchical control-based context of work. High volume standardized goods and services replaced small farm agriculture as the predominant industrial base. Companies grew larger and capital-based mechanistic hierarchies replaced power based hierarchies. And as agriculture became more mechanized, it too was taken over by large organizations. This change, however, was not very significant. Primarily, the nobles or owners were gradually replaced by professionals who began to manage the capital of the owners and investors.

From Adam Smith to Frederick Taylor... In the latter part of this 300-year period, management also became very scientific. Organizational scientism began with a number of British economists such as Adam Smith, and then progressed to Frederick Taylor’s scientific management in the United States.

From Smith to Taylor and beyond, the mechanistic theorists discarded or underrated the fact that people are not simply resources or mechanical entities that can or should be scientifically manipulated. Humans thrive on interdependence, intimacy, and trust. They are governed by reason, emotions, and the ability to make choices.

While the quantity of goods and services increased, the results, in reference to information management, were essentially the same as during the previous time period. Information management capacity remained adequate.

Inadequate “science” ratifies just-adequate structures... Capacity and information, knowledge, power, and rewards were not widely distributed, but this unequal distribution was now scientifically justified. Organizational capability was also maintained at an adequate level in a fairly stable environment.

Half measures in response to a sea change in climate — A look at the 1975 to 1985 time frame begins to reveal some serious problems with the general hierarchical control-based approach to management. First, the basic industrial base began to shift from high volume to high-value products and services. Organizational size remained large, but there was some effort made to allow organizational members to participate in decision making. That is, the predominant structure began to change into a *participative* mechanistic hierarchy.

The half measure paradox... The outcomes are quite interesting. The capacity to process management information became limited. I am not referring to the ability to process huge quantities of data through computers; rather, my concern is with people’s abilities to respond as quickly as possible to emerging opportunities and problems.

The high-value products and services *thinking environment* began to demand high involvement, creativity, and innovation from all organizational members. In such an environment the accessibility of computer-generated information only provides part of the answer. The other vital part of the information management capacity is dependent on the ability of individuals and teams to interact freely with one another and the environment. Old style hierarchies (ones which retain autocratic authority), even participative old style hierarchies, are not designed to cope with the new climate.

A little decision making input gets just a little commitment... The limited distribution of information, knowledge, power, and rewards during this time frame also began to present a problem. Providing organizational members some opportunity to participate in decision making was not sufficient to gain the level of commitment that was needed.

A sea change in the climate and ecology requires a similar response... In thinking about this period, it becomes apparent that participative management alone, even with quality circles, self-managing teams and TQM cannot sufficiently increase the capabilities of old style hierarchical organizations. In fact, the effectiveness of top-down control-based management has diminished to the point where it now has begun to severely limit organizational responsiveness.

Only pushing operational information and increased knowledge to the lowest levels of an organization and ignoring the equitable distribution of power and rewards will not help to close the capability gap. All four elements must receive equal attention before individuals will become fully engaged and take responsibility for all their actions. Simply stated, refined hierarchies are not the answer to diminished productivity and innovativeness.

Releasing the untapped potential — How then do we close the widening organizational capability gap? Obviously, not by upgrading our current command and control systems. The review of organizational configurations and their effectiveness over time has provided a heightened awareness of the options available to us that will take us beyond now-traditional management methods. The evidence is convincing that there must be an abrupt change away from hierarchical, mechanistic systems if we are serious about developing more productive, flexible, creative, and humane organizations.

Guidelines for closing the capability gap

I have taken an evolutionary, historic, and humanistic perspective in developing the seven recommended guidelines for closing the organizational capability gap. That is, I am advocating the modified use of the tribal organic network structure as a model for the design and redesign of today's firms.

Seven guidelines for closing the capability gap...

This list is not a step-by-step, how-to recipe for the successful development of global organic networks. Nobody is capable of prescribing that, since every organization is different. Every company must discover and develop its own special set of relationships — those that work best for them. The guidelines support the discovery process, but they cannot prescribe the final outcome.

1. Commit to a goal of developing an environment where each individual and team insists on being fully responsible for their actions and the activities of the organization as a whole...
2. Eliminate all status symbols...
3. Limit the size of any major organizational unit to no more than 150 members...
4. Facilitate the formation of natural teams...
5. Evolve the organization into a global organic network...
6. Design systems that assure the equitable distribution of information, knowledge, power, and rewards...
7. Involve everyone in the development of a comprehensive and meaningful organizational vision.

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By no means, however, am I suggesting an impossible or romantic return to our pre-historic past. What I am proposing is the rediscovery and application of principles that governed the formation, dynamics, and sustainable growth of natural, adaptive and fluid human organizations.

The current level of information technology and rapid modes of transportation permit the configuration and coordination of organizational activities which can emulate the qualities of ancient and successful organic networks, making such entities extremely effective for today's whitewater global environment.

Again, what I am proposing is not a far-fetched utopia but an innovative appreciation for ancient structures and values and adaptation of them as a means to maintain or increase our national prosperity.

What I have developed is a set of general guidelines or principles. This list is not a step-by-step how-to recipe for the successful development of global organic networks. Nobody is capable of prescribing that, since every organization is different. Every company must discover and develop its own special set of relationships — those that work best for them. The guidelines support the discovery process, but they cannot prescribe the final outcome. ³

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“Simply stated, refined hierarchies are not the answer to diminished productivity and innovativeness.”

“Limited face-to-face relationships in large companies also inhibit ethical behavior. It is hard to be concerned for, and to support, people one seldom or never meets.”

1. Commit to a goal of developing an environment where each individual and team insists on being fully responsible for their actions and the activities of the organization as a whole...

Whether you are starting a new company or reorganizing an existing one, it is prudent to verbalize specifically what kind of an organization you envision it to be. The question is not what the firm will produce but how its members will relate to each other and the entire organization. You are defining the working conditions, not an end state that changes by the time it is reached.

I do suggest the general content of such a goal statement, but the specifics must be distinct for each organization. The goal should convey that the company stands for nothing less than:

- An environment that arouses the desire in everyone to cooperate and to be creative...
- Member contributions to the organization should be an extension of their own self-expression, satisfaction, and interests that converge with those of the company.

The purpose of the goal is to raise expectations and gain commitment to such a work environment.

2. Eliminate all status symbols... Symbols create a picture of reality. Once a goal for the creation of a natural context of work has been established, the removal of status symbols is a very visible action step toward that goal which can be relatively easily and quickly taken. The elimination of such things as reserved parking, differentiation between hourly and salaried workers, and titles, is a very important first step in further heightening expectations and showing that the organization is serious about its established goal.

Eliminating the use of terms like employee and manager and simply calling everyone an associate or member can have an extremely powerful effect. But doing that alone, of course, will not change anything; in fact, it will have just the opposite impact if it is not accompanied in short order by other changes.

3. Limit the size of any major organizational unit to no more than 150 members... Large size is a major obstacle to organizational flexibility and innovativeness. Size promotes the growth of multiple layers of managerial authority and specialization in order to sustain the information management capacity of a firm.

Any organizational unit that is not relatively autonomous and has more than 150 members loses the sense of interdependence, intimacy, and trust that is so vital for high individual and team involvement and commitment.

Work group size and ethics... Limited face-to-face relationships in large companies also inhibit ethical behavior. It is hard to be concerned for, and to support, people one seldom or never meets. Further, we have a propensity for making inappropriate assumptions about people we neither know nor understand. The old saying, “Out of sight, out of mind,” sums it up quite well. Therefore, large firms should be reconfigured into multiple semi-autonomous units which will allow each group to develop their own sense of tribal unity.

4. Facilitate the formation of natural teams...

Just limiting major organizational units to 150 people alone is not adequate for the attainment of high involvement. Smaller groupings of six to twelve members need to be developed where consensus on purpose and direction can be reached more readily. A sense of identity and connection is also intensified at a closer, more intimate level.

Teams, teams and teams: don't forget that the great pyramids were built on the backs of teams... Since the mid-1970s, we have been enamored with teams — a very positive step away from Taylorism. Many, however, suffer from the misperception that reorganizing a firm into teams is an *easy method* for increasing productivity. This leads to the too common disillusionment with high involvement management. Just assigning individuals to teams does not by itself do away with the autocratic and hierarchical control-based scheme of things. An organization composed of executive teams and work teams is still functioning as a pyramid.

Naturally formed teams: nice and not so easy, but worthwhile... Teams must not only be empowered, but they should also be allowed to form in a relatively natural way.

Firm members must be encouraged to decide which team they would like to join. Each needs the opportunity to find their unique niche within a team. This process takes considerable time and effort, but pays off in the long-run. In general, team development includes the examination of team goals, the roles of team members, group processes, and relationships among members.

This cannot be properly accomplished if people have no choice in team selection. Some people just do not function well together. In addition, individuals require the freedom to leave teams and join other established groups or newly developing teams. Circumstances change and people need to grow and expand their horizons. Some individuals have high interest and skills in some areas and less in others. Mobility allows people to be fully accepted on the basis of who they are, their capabilities and the roles they serve instead of status.

The only caution here is that everyone needs to appreciate that effective teams are not just made up of people who think alike and/or like each other. We might rework an old dictum for today in the following manner: *when two or more people think and act exactly like, all but one may well be redundant.*

5. Evolve the organization into a global organic network... It is now clear why high performance, high involvement firms must be composed of multiple semi-autonomous units that include no more than 150 members and are run by naturally formed and flexible teams.

How can such companies compete internationally? New and advancing communication and computer technologies provide the means to overcome two apparent limitations of such networks (they can only function effectively within a restricted geographical area, and without the need for large economies of scale).

Value yesterday and today... The production of high volume standardized products and services required scale and efficiency. Today's high value products and services require appropriate scale, speed, efficiency and effectiveness.

Our tribal ancestors, who moved into new lands and ways of sustaining their societies because of vast changes in climate succeeded because they continued to learn and adapt as they entered new lands. They developed temporary or area appropriate techniques and processes, not one method fits all areas or lands.

Today's new lands appear in the form of pressures for continuous innovation, reduction of cycle time, quality, customization, and on low cost. Today's computerized communications systems, product design, and production now permit the formation of complex and effective

global linkages among organizational units both within and external to the firm. This means that efficiencies can be attained without the need of large production centers. Further, the effectiveness of the small, humane, creative and flexible organizational units can be maintained and further enhanced by such sophisticated networks. Consequently, global organic networks are not only desirable, they are possible.

Snow and Miles have conducted extensive studies on the organization network phenomena since the late 1970s. They suggest that network structures allow companies to:

- Search globally for opportunities and resources...
- Maximize returns on all assets delegated to a business — whether owned by the managers' firm or by other firms...
- Perform only those functions for which the company has, or can develop, expert skills...
- Outsource those activities that can be performed quicker, more effectively, or at lower cost by others.

Obviously, such networks are ideally suited to hold together and enhance the performance of small, autonomous, closely-knit and dedicated groups of people; therefore, today's small and large organizations alike can incorporate a work context which supports high commitment and performance.

6. Design systems that assure the equitable distribution of information, knowledge, power, and rewards... Organic global networks do not run on *autopilot*. They require constant mentoring, training and development. In foraging societies, every member of a group was responsible for mentoring the young and expanding their own mental and physical abilities. Essentially, each tribe had a means of equitably distributing information, knowledge, power, and reward to every member of the group. Today's high performance and involvement organizations require the same kinds of nurturing care to assure that each individual and team is fully empowered.

Everyone in the organization must have free access to all the information, not just the information required to perform a job... This includes detailed financial data and other forms of sensitive information. What about security? Full-partners seldom sink their own ship.

“New and advancing communication and computer technologies provide the means to overcome two apparent limitations of such networks”

In addition, firms should develop a communications network that allows every member to interact with other members of the organization worldwide.

Create systems that support and encourage constant training and education... This means increasing operational skills as well as facilitating general education for expanded personal growth and the capacity for taking on increased responsibility. As an example, everyone needs to know how to read financial data so they understand how profits are made. Armed with such knowledge, people become very cost conscious and innovative about protecting and increasing their profits. Pursuit of knowledge should be voluntary. The basic goal is to develop self-managing individuals.

Power must be equitably distributed throughout an organization... Everyone must know that they indeed are full partners. The elimination of artificial and/or permanent managerial layers and position power will demonstrate that leadership needs to be earned, fluid, and appropriate to the situation. That is, there should be no appointed or anointed leaders. Each and every individual should know that she/he can assume a leadership role whenever the appropriate situation presents itself.

Team self-management... Functions such as selection and dismissal of people; development of plans, schedules and budgets; evaluation of progress; and maintaining quality must be accomplished by each team in coordination with other teams of the enterprise. Specialists can and should provide training and advice, but final decisions should be made by team members, if they are to be truly responsible for success or failure. The bottom line is that partners manage themselves instead of being told what to do.

Systems and procedures that assure the fair distribution of rewards must be mutually agreed upon... Partners divide rewards, based on member contributions. This means that there must be equity in rewards at the individual, team, and organizational levels. Individuals should be compensated for their skills and responsibilities and contributions. Teams should be rewarded based on their value-added efforts. And, every member of a company should receive an equal and fair share of the overall profits.

Obviously, everyone must have free access to all financial data so that they can determine what is equitable. Compensation must be based on informed peer review of individual contribution, not the whims of bosses far removed from the work unit.

True empowerment is not possible without equity in all of these areas. There are no shortcuts to individual, team, and organizational empowerment; and, without empowerment, an organization cannot achieve its quest for high involvement and performance.

7. Involve everyone in the development of a comprehensive and meaningful organizational vision... A shared vision is vital for the success of a global organic network organization. Such a vision acts as a compass, keeping the relatively autonomous parts of the network heading in the same direction.

Most management experts advise their clients to start with a vision when initiating change. I suggest the reverse. Starting with a vision which contains a long list of inspirational words, I believe, gives the CEO a false sense of security that the *troops* automatically will follow and everything else will take care of itself. When little happens, they become disillusioned with the slogans that they have espoused and often assume that people do not want to be self-reliant. Developing a vision before developing a work environment where people insist on being fully responsible is akin to charting a course for a voyage before the ship is built and a crew is assembled.

As James Collins and Jerry Porras note, a vision is not about a product or mission. It is much more. A vision must hold people at the gut level and motivate them for a common purpose.

Vision is about internalized values and beliefs, not values and beliefs that are part of a wish list. That is why it is so important that all members of a firm take part in developing a vision. Ownership of the vision is key to its effectiveness; therefore, it makes more sense to develop a vision once a work context of trust and commitment has been attained.

Collins and Porras conclude that one of the greatest myths of modern management is that developing a vision requires the presence of a charismatic leader who possesses almost super-human visionary qualities. The key is to secure commitment for a vision.

Can we really close the capability gap?

Closing the organizational capability gap can be accomplished only by a radical shift away from a control-based, autocratic and hierarchical management philosophy. This review of organizational configurations and their effectiveness over time clearly demonstrates why artificially contrived command systems have outlived their usefulness. Even modified mechanistic structures are no longer functional in a global whitewater environment.

We need to progress beyond management methods. Meaningful change requires that the focus be on the context of work, not on ways to change the behavior of people. People change themselves.

A framework for the 21st century, today—

The seven guidelines presented here provide a framework for the development of humane, high involvement and high performance organizations whose every member is a partner and not just a factor of production. Only such firms can attain the individual and organizational capacities needed for effective global prosperity.

Salaried people are mercenaries... partners are volunteers... Mercenaries have no incentive to be fully committed, but partners do. The choice is ours in how we develop our organizations.

Organizations that serve us and not we serve as machines... In the final analysis, organizations need to be natural outgrowths of basic human considerations instead of being based on a machine metaphor. Such firms can stimulate innovation, accelerate decision making, and promote individual and team responsibility. They are empowered, high capability organizations. Without first making a clean break away from the mechanistic view of the workplace, attempts to change corporate culture and apply TQM will be quite ineffective. ♦

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"Developing a vision before developing a work environment where people insist on being fully responsible is akin to charting a course for a voyage before the ship is built and a crew is assembled."



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