

Preface

“We have it in our power to begin the world again.”

--Thomas Paine
Common Sense, 1776¹

Are you

- frustrated because your potential isn't being used?
- stymied by the seemingly inexplicable behavior of colleagues?
- dissatisfied with the fleeting and faddish nature of management reforms?
- feeling things could be better but unable to make a difference?
- disheartened by your inability to behave authentically at work?
- disillusioned with the incessant stress of your job?
- curious about the next major changes likely to affect you at work?
- ready to develop more personal control over the changes ahead?

Then this book is for you.

The *Living Organization* is about organizational reform and it has very ambitious goals. The book lays out a blueprint for a set of reforms that will both make our organizations more effective by aligning them to changes that are now transforming our society and, simultaneously, make them more personally satisfying workplaces. In addition, it addresses the underlying reasons why the efforts of so many well-intentioned

¹ Kramnick, I., (Ed); Thomas Paine: Common Sense; New York: Penguin, 1979, p. 120.

management experts have not substantially altered our experience of work and why life in our organizations has become so dispiriting to so many people. After reading this book you will know what it will take to make a meaningful difference in improving your organization and your work life. I hope you will agree that this is a very exciting prospect, indeed.

This is a tall order and I am mindful of the experience of Robert Owen, considered the father of personnel management. It was over 150 years ago that Robert Owen, the managing partner of a very successful Scottish cotton mill, remedied the Dickensian conditions of factory life. At the same time he reversed virtually all popular notions of proper manager-employee relations characterized by the general contempt employers held of servants - their employees. He believed, and practiced in his mill, that employee welfare was a responsibility of the firm, and as human beings, employees should be treated with dignity.² "Owen was the man who showed England that industrialism need not be built on cheap and brutally abused labor; he paved the way for factory legislation by putting his principles into effect and proving they would work."³

Though he proved the wisdom and the profitability of a few of the reforms reiterated here, he watched with incredulity how other manufacturers nevertheless ignored them. Yet, over the years some of his and other innovative ideas eventually did become commonplace. Eight-hour workdays, five-day weeks, vacation pay, health insurance, retirement plans, and profit sharing were all examples of progressive ideas of the time. Owen showed, however, that as long as best practice remains an optional matter to be based on the benevolence of any one person, and not institutionalized by actions of the board of directors or the legislature, notions of reform would be short lived. The vicissitudes of acceptance will remain a random matter facing each organization as circumstances and personalities dictate. Throughout history reforms not legislated had to be re-proven and implemented afresh in every organization. Each was simply considered a managerial option; something one might get around to doing when there was time and money to be benevolent.

² Gatrell, V.A.C.,(Editor), Robert Owen: Report to the County of Lanark and A New View of Society, Baltimore MD: Penguin Books, 1969.

³ George, Claude S. Jr., The History of Management Thought, Englewood Cliffs, NJ: Prentice-Hall, 1972, p. 63.

But now it is time for change. "Some 43% of the American populace fit the profile of the cynic"⁴ and most of our workplaces are uncooperative, hyper-competitive, boring or hostile places. Is it any wonder that amidst all of the apparent potential of the post-industrial world is a fragmented, disconnected individual experience of work life resulting in great cynicism, anomie and social paralysis?

Not surprisingly, Fortune magazine reports there is a morale crisis in American business and that most chief executive officers don't believe it's there.⁵ Morale is an umbrella concept for many feelings and attitudes about one's life at work. It serves as a barometer indicating the kind of climate in the workplace. When it's inclement, organizational performance is weak; perfunctory mediocrity is the best it can muster.

In many respects, unfortunately, nothing has changed since Owen, even though everything has changed. We no longer have Dickensian working conditions but we face the same abusive harassment and a psychological treadmill at work that seemingly speeds up daily. As Newsweek has reported, "For all its action and glamour, today's business world has generated corrosive ways to wear down bodies and spirits. The buzz around the water cooler is full of anxiety and paranoia. *The company is downsizing. The bean counters are out to get us. The boss has programmed the computers to monitor our phone calls.* No one can be sure when the dreaded takeover will strike. *A corporate raider has his eye on the firm. Pretty soon we'll all be working for the Japanese.* As the tension mounts, energies flag, blood pressures rise and that extra drink or two at the end of the day becomes more tempting. Across the office floor, fed up workers hide behind closed doors, furtively updating their resumes..."⁶

Apparently we are not having fun yet.

There has been a roller-coaster ride of innovation and retreat and many of Owen's ideas for reform are still topical today. Tom Peters, W. Edwards Deming, Charles Garfield and

⁴ Kanter, D. and Mirvis, P., The Cynical Americans, San Francisco: Jossey Bass, 1989, p.

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⁵ Fortune, November 18, 1991.

⁶ "Stress on the Job", Newsweek, April 25, 1988.

Robert Levering,⁷ all latter-day Owenites, have been purveying similar messages. But they have not been any more successful in helping to institutionalize these proven notions of best practice than Owen.

Why haven't we been able to widely implement what we know to be best practice? Has the search for excellence been called off? We must now challenge the overwhelming propensity to do business as usual and strive for systemic change that builds in to the structure and behavior of our organizations what we have come to know as best practice. Fundamental reforms are needed now because to conduct business as usual is to conduct business in decline. The times call for doing business as *unusual*. It is for lasting fundamental reform that *The Living Organization* was written.

This is the first book to discuss the need, and describe a process, for transforming organizations into workplace communities. In preparing the way, it points out the necessity of overcoming the all too familiar dichotomy of management vs. labor and calls for a new interpretation of organizations as holistic systems wherein each person plays an integral part being fully accountable to the workplace community as well as to stakeholders. It also recognizes that the practice of management has become the act of building and maintaining good working relationships with everyone in the organization and that everyone has the responsibility for this. Moreover, the book calls for the transformation of our organizations into workplace communities with full gain and pain-sharing where the fortunes of each member of the community, employee and investor, rise and fall with the organization's performance in the marketplace.

We begin with the theoretical underpinnings of the emerging paradigmatic changes now taking place and end with what you can do "Monday morning" to initiate the changes. The reader will come to learn that major reform is necessary and that *we can't have total-quality products until we have total-quality work environments*. The first post-managerial structure to replace bureaucracy and accommodate the new assumptions and processes of community is discussed. In addition, the barriers to reform and

⁷ Peters, T and Waterman, R., In Search of Excellence, New York: Harper, 1982; Peters, T., and Austin, N., A Passion for Excellence, New York: Random House, 1985; Peters, T., Thriving on Chaos, New York: Knopf 1987; Deming, W.E., Out of The Crisis, Cambridge, MA: Institute of Technology Center for Advanced Engineering Study, 1986; Garfield, Ch., Second to None, Homewood, IL: Business One Irwin, 1992; Levering, R. A Great Place to Work, New York: Avon, 1988.

prescriptions for dealing with them are mentioned. The reader will be able to immediately act on many of the ideas in the book, rather than have to wait for someone else to take the first step.

The Reader

The Living Organization speaks to all people in organizations from a managerial perspective. It addresses a general audience and is the first to recognize the power of creating a workplace community as a way of repairing our organizational decay. Boards of directors, aspiring CEO's, strategic planners, management and human resource professionals, university students of management, sociologists, organizational development specialists, trainers, even union organizers, and everyone wishing to make a difference by using the workplace community concept should benefit from reading this book. It speaks to the vast majority of professionals, skilled workers, and middle managers who instinctively know something is rotten at work but are at a loss for a framework with which to look at their particular situations. Finally, it speaks to all who want to understand what building organizational community is all about and want to help facilitate its development.

The Book

The major contribution of The Living Organization will be to pull together the various aspects of the new paradigm now piercing our organizational consciousness and construct a system that accommodates the many societal and technological changes now taking place. Building workplace community will create and harness the synergy of what we already know about effective organizations by bringing together all the necessary components of the system. We see them in place and working throughout Corporate America, but they are scattered about and achieving less than their full potential. This book is organized around three purposes: first, to describe what is happening; second, to explain why it is happening; and, third, to describe how to align one's self and one's organization to the changes.

Chapter One, "Introduction" discusses five myths of management that have hindered our ability to meet the new realities. It spells out the need for systemic change.

Part I: "What's Happening" presents an overview of the shifting business paradigm. There is truly a new world emerging.

In Chapter Two, "New World, New Organizations " the stage is set by illustrating the breakdown of bureaucracy and the inappropriateness of an industrial model of organizing in a post-industrial world. It is argued that we have been trapped in paradigm one, which is the model underlying the industrial form of organization. Even though paradigm one has evolved through four distinct systems giving the misleading appearance of fundamental change, the underlying structure of the paradigm hasn't changed. Reformers have also been trapped in this thinking and it has undermined their recommendations and condemned many of them to panacea status and wishful thinking.

In Chapter Three, "On The Current Transformation of Business: An Introduction to System 5", a new organization and management system is outlined and shown to represent the emergence of a distinctly new paradigm. It breaks through the myths and barriers that have restrained management thinkers from recommending fundamental changes to the existing system. By aligning organizations with the changes in society, system 5 management opens the way for building more effective organizations. Many readers will personally identify with the new paradigm since it represents the belief system being adopted by an increasing number of people in America today. Leading edge companies are adapting accordingly. They have perceived the shift and understand the implications of the new circumstances underlying paradigm two.

Part II "What it Means for Business" spells out the specific changes that are required to align our organizations with the new paradigm.

Chapter Four, "The New Accountability: Building Balanced Relationships in a Post-Managerial Era" dramatizes the impact of the democracy movement worldwide, and specifically shows the dissonance between America's historical imperative for democratizing our institutions and the actual quality of work life in large organizations.

Since the collapse of the Soviet Union and East European socialist states we are coming to realize that it is corporations and not nation-states that create our quality of life. Corporations have eclipsed governments in their influence over our lives and now dominate society. Thus, given their importance and the emergence of the new paradigm, we are questioning the legitimacy of organizational structures and the right of managers to govern without accountability to the governed, employees that work in them. We are beginning to question the validity of working in an environment, which is not participative and inclusive. Organizations will be challenged to redefine the concept of organization to include all employees (who become members or organizational citizens), as well as stockholders, as legitimate *stakeholders*. The concept of management

will also be redefined to become the process of relationship building, rather than simply getting people to perform their jobs for the good of the organization.

Chapter Five, "Beyond Teams: Creating Organizational Community", develops the idea that organizations will be transformed into communities. It also discusses what it will take for an organization to become a community, what model may be useful in building community, and some of the benefits of becoming one. In addition, there is a short discussion of the kinds of issues that might work against community and how this model differs from the concept of self-managing work teams.

This is a vital component of the book, since the transformation into communities will enable organizations to become aligned with the emergent paradigm.

Chapter Six, "A New Structure for The New Organization: Introducing Solacracy", describes a new organization structure suitable to both teams and networks. I have coined the term solacracy (so•LOCK•ra•see) to describe the dynamics of large post-bureaucratic organizations. It is a conjunctive of the stem sol implying a solar entity such as the Sun as well as an individual person such as in sole with -cracy a suffix from Greek meaning a structure of governance. Solacracy is the result of transforming the bureaucratic chain of command. Instead of the cumulative power of each level in a supervisory pyramid rising to a pinnacle where a CEO retains ultimate control over the organization, in solacracy a network of multiple power centers exists based on task relevance.

Solacracy is the successor to bureaucracy, a counterpoint to the conditional paternalism and authoritarian forces that dehumanize people by treating them as means to an end rather than ends in themselves. Solacracy is a structure that combines democratic governance including a division of powers, accountability, and personal responsibility. Solacratic organizations adhere to the same democratic principles of representation, shared decision making and universal accountability that have been built into national, state and local governments; professional associations; interests groups; and, volunteer organizations. Acknowledging that corporations will inevitably assume an even bigger role in our lives, solacracy is a structure designed to insure that organizations become responsive to all their stakeholders by accelerating the transformation of organizations into workplace communities. Concurrently, forming a solacracy is also a means for organizations to appropriately cope with the societal forces now at work that are causing the transformation.

It is my intention in choosing the term solacracy to convey a visual image of a system in constant motion much like the solar system. The associated symbolism of

enlightenment, holism, empowerment, and movement are enveloped in the definition. At the core is the emanation of the central idea, the vision, the essential purpose of the organization much like the Sun's energy is the center of the solar system.

Part III, "Preparing Yourself and Your Organization" focuses on how you can personally develop new skills required to be effective in the new organization and how you can begin helping your organization align with the new paradigm.

Chapter Seven, "New Organization, New Skills: Working in Community", focuses on the new assumptions about managing people and then crucial managerial skills for working in community are outlined. Since as a process, community and the solacritic structure require managerial competence in being an effective part of the entire work process it is also assumed that all individuals are to be considered as managers in the new workplace. It is the equivalent of establishing workers as organizational citizens, each needing to have the skills necessary to live up to one's community responsibilities. This chapter discusses the skills needed by each person.

Chapter Eight, "The barriers to Community", discusses obstacles to be overcome, from biological, psychological and personal sources as well as inhibitors derived from the cultural milieu.

Chapter Nine, "An Agenda for Monday Morning", prepares the reader for the moment of truth. After taking the reader through societal changes, arguing for the transformation of organizations into communities, suggesting a structure for accomplishing the transformation, outlining the skills needed to manage (indeed, work), in this new organizational world and pointing out some of the barriers to be faced in doing all of this, the individual's role is addressed - specifically in terms of actions the reader can take immediately, "Monday morning" - to begin the process of making a real difference. Concrete steps are offered and the reader is asked to begin accepting responsibility for creating community in her or his workplace.

Chapter Ten is a brief Afterword.

May you enjoy the journey.