FACTORS THAT WILL DETERMINE AND INFLUENCE ORGANIZATIONAL SUCCESS IN THE YEAR 2000 AND BEYOND: A THEORETICAL VIEW

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VERKLARING

Hiermee verklaar ek, Marthinus Jakobus Nel, dat hierdie skripsie getiteld:

"Factors that influence and determine organizational success in the year 2000 and beyond: A theoretical view."

'n Oorspronklike werkstuk deur my is en dat dit nog nie voorheen na my wete as skripsie, verhandeling of proefskrif by enige ander universiteit of akademiese instelling ingedien is nie.

M.J. Nel

Datum

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SYNOPSIS

This study was conducted with the purpose of illustrating the necessity for and complexity of the process identifying the factors that determine and influence organizational success. Organizations are entering a stage in history where change is the only constant. Authors use words like “earthquake”, “revolution”, “storm”, “turbulence”, “future shock”, “explosion”, “frenzy” and “change spiral” in an attempt to begin to describe what lies ahead for organizations of today. There is no escaping change. The cliché saying, “adapt or die”, has never been more relevant than it is now. The type and extent of the changes awaiting organizations could mean either tremendous opportunity or tremendous threat. The shaping of an organization's future implies the successful management of the internal change process needed to fit the organization to its changing environments. The factors that will ensure, or at least positively influence, organizational success must be identified and addressed in a proper manner. The factors present themselves in four dimensions, namely the external environment, the internal environment, the people and the management of the organization. The findings of this research confirm the existence of particular factors in these three dimensions which will determine and definitely influence organization success. These factors range from macro economic trends, like the formation of international trading areas, to the micro redesign of individual jobs to liberate the entrepreneurial potential of people. It highlights the importance of the customer as the most important external factor and the employee as the most important internal factor, both of which are human factors without which there is no activity.

The management of organizations has always been a key factor. This research employed in this study showed however that there are several new dimensions coming to the fore that managers will have to take cognizance of, since these aspects will increase their chances of being instrumental in attaining success. These include a need for visionary, strategic thinking, not just strategic planning. Leadership skills, rather than management skills, will also be required as well as an ability to rally people behind them. The general management and functional management functions have therefore all changed in their focus and application. Strategic planning must be replaced by a less ritualistic strategic management process that includes all employees. Participative management must be underpinned by co-ownership schemes. Change management and navigation will become core competency requirements. Marketing management must now involve the whole organization. Information technology must be viewed as a means to an end and not an end in itself. Integrated logistic management must be widely introduced. Human resource management must become a professional support function and production management must be integrated with the rest of the business functions and processes.
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CHAPTER 1

INTRODUCTION, PROBLEM DEFINITION AND PURPOSE OF STUDY

1.1 Introduction

"Organizations and their executives are on a constant quest for the best way to be competitive, productive, efficient, cost-effective, profitable – successful."

Winslow & Bramer (1994:25)

Manning (1987:1), in an effort to show how time flies, refers to Toffler who wrote his best seller, *Future Shock* in the early 70's, and goes on to make the weighted statement that:

"The year 2000 is less than 15 years away."

The year 2000 is less than three years away now. Both Toffler and Manning were trying to shock the corporate world and to sensitize them to the fact that whatever the past taught them is not going to be there in the future. Now is the time to learn which factors drive organization performance and deliver organization success and how to shape them (Manning, 1987:4). Peters (1992:6), describes the future as a place where there is an explosion of new competitors, a rising standard of living in developing countries, and ever present new technologies that lead the way – no corner of the world is exempt from this frenzy.

Modern management theorists seem to agree that, although the concept has become a bit of a cliché, the biggest challenge for tomorrow's organization is the ever increasing turbulence and uncertainty of the environment (Chattell, 1995:142). Chattell further remarks that, in a very real sense, all organizations are now vehicles of discovery. Management now needs the skills of organizational and collective exploration (Chattel, 1995:143).

On a macro-scale Pümpin (1991:11) identified the major changes making the world a more and more unsettled place:

- economic developments such as the European Union
political developments such as the liberalization of countries
phenomenal advances in technology
environmental issues gaining importance
social trends such as population growth

In addition to this there are changes sweeping business today, according to a 1994 Conference Board survey of U.S and European businesses (Collins & Devanna, 1994:31), namely:

- significant increases in competition
- a major shift in company or industry financial performance
- expansion into global markets
- entering into partnerships or strategic alliances
- entering into mergers or acquisitions

Chattel (1995:1 -2) envisages the future changing as follows:

- boundaries have become invisible and unbounded possibilities are replacing them
- predictability has been replaced with unpredictability
- stability has been replaced by instability
- market and customer needs change more and more rapidly

Manning (1987:17) further states that if there is one thing that managers must do it is this:

"Fit the organization to its changing world'.

The search for the right combination of keys to unlock organization's potential to achieve success is a journey that organizations must progress on with intensifying vigor, forever battling with one constant: change. To survive, organizations in future will have to change radically from today's organization. Organizations, and nations face predictable problems in balancing necessary structures and freedom of action as they grow larger and more complex (Pinchot, 1985:313). Maintaining a complex, rapid form of organizational learning is a key management challenge (Chattell, 1995:143). This pursuit of business excellence, resulted in survival and successes for learning organizations. Slater & Naver (1995:66) states that behavioral change is the link between organizational learning and its ultimate objective, performance improvement. Organizations went through one change after another, and since the early 70's employed numerous management and business techniques to shape and reshape their organizations for

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survival, performance and success (Annexure A). The change spiral that organizations find themselves in (Manning, 1991:1 – 3) creates a situation where they realize that:

- no matter how satisfied you might have been with your performance or how successful you have been so far, the future of your organization is at risk, and
- the more successful your formula has been, the more vulnerable it makes you now

Chattel's (1995:102) view is:

"Tomorrow’s organization is change seeking”.

He furthers this point by highlighting the fact that change-seeking organizations of tomorrow are committed to ensure they evolve the distinctive capabilities required to create meaningful futures for themselves and for their customers. Yager (1994:34) argues the point that it is not only a question of recognizing the need for change since change will always be a fact of life. The problem is anticipating the right changes at the right time because we are blinded by our paradigms. Kanter (1989:17) states that the years ahead should be a good time for dreamers and visionaries of the business world, because the barriers to innovation, the roadblocks to inspiration and imagination, are being knocked down one by one. Kanter (1983:18) describes the internal change process as one where organizations for years told their employees to trust the system, yet they must now relearn to instead trust their people and encourage them to use neglected creative capacities in order to utilize the most potent economic stimulus, namely idea power. The right conditions must be created within the organization to make it possible for individuals to source and use their idea power to experiment, create, develop and do tests with the aspects and factors that determine and influence organizational success (Kanter, 1983:22).

Joiner (1994:7) remarks that he was struck by the realization that the important question was not "Are you improving?” – the important question was, "Are you improving fast enough?"

1.2 Problem statement

"The challenge of creating success in an uncertain world is compounded by the challenges of finding and applying the new forms of management appropriate to turning organizations into creative processes."

Chattel (1995:143)
Joiner (1994:8) illustrates the phenomena of two competing companies, the one out-performing the other, by using the following graph:

**FIG 1.1 GETTING BETTER FASTER**

![Graph illustrating performance over time for Company A and Company B](source: Joiner (1994:8))

Joiner (1994:8) states that many companies find themselves in the position of company A and will have to find a solution to their problem of being out-stripped by the competition. Note that Company A is also continually improving but still lagging behind its competition, Company B. Companies like Company A will have to find and adjust the critical performance and success factors or face being left behind. Shein (1980:233), asked the following questions in discussing his “open system” theory:

- Viewed as a total system, how does and organization cope with its environment?
- What mechanisms exist for translating information, particularly about alterations in the environment, into operations?
- Are the internal operations flexible enough to cope with changes?
- How can the organization's capacity to cope be improved?

Chattell (1995:103) continues along this line of thought and recommends:

> “*Tomorrow's organization must therefore become the master of complex adaptation – able to continually change structures, processes, products and skills in a way that it ensures its future*.”
Chattel (1995:104) qualifies this statement by remarking that there is no comprehensive theory of business and no “cookbook” which if copied will guarantee success. It would seem that organizations, led by trial-and-error and management theorists, have progressed to the point where the corporate world is now poised for the ultimate learning experience namely, to establish in a more direct but holistic manner, which factors determine and influence organizational success (Kanter, 1983:24). Fitting the organization to its future, staying on track and creating the future will be the art of management in the next century (Chattell, 1995:104 – 107). Management is now a process of challenge, where the redefinition of the status quo, and not the maintenance of it, will be the order of the day. It will include the redefinition of processes, products and services, structures, systems, skills and often culture (Chattell, 1995:143).

Chattell (1995:143) summarizes the opportunity/problem by saying:

"The challenge of creating success in an uncertain world is compounded by the challenges of finding and applying the new forms of management appropriate to turning organizations into creative processes".

Managers will add value if they can find the factors that influence and determine organizational success, as well as making the identification of the real issues and opportunities the responsibility of all (Chattell, 1995:143 –145). The organizations that will succeed and excel in the future will be those that have mastered the art of change. These organizations will introduce a climate that encourages the introduction of new ideas and a sensitivity to the external environment (Kanter, 1983:65).

Finding and shaping the factors that are responsible for organizational success is the essence of organizational learning. It is also a question of management priorities, attitudes and approaches that will ensure that the organization's people continually generate a wide range of possibilities from within and from their constant search for the best ideas. Also, and perhaps more important than this, is that management concepts and approaches will guarantee that the organization has the capacity to change as required to ensure that possibilities become the realities of world-class capability and performance (Chattell, 1995:146).
1.3 Objectives of the study

"One frequents the pages of business books to try to find an edge, that approach or theory that can make an organization more competitive and successful. Occasionally one may become frustrated at the bewildering variety of prescriptions provided."

Winslow & Bramer (1994:7)

According to Chattell (1995:155) there is a different, dynamic agenda for tomorrow's organization that will let go of the restricted, control-oriented past as depicted in Figure 1.1 below:

FIGURE 1.2 MANAGING DYNAMIC AREAS

<table>
<thead>
<tr>
<th>MANAGEMENT</th>
<th>PEOPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Pushing the envelope</td>
<td>- Multi-talented people</td>
</tr>
<tr>
<td>- Coaching styles</td>
<td>- Dedicated to the customer</td>
</tr>
<tr>
<td>- Install a sense of challenge</td>
<td>- Exiting, energy to enthusiasm</td>
</tr>
<tr>
<td>- Respect for people</td>
<td>- Self-directed growth</td>
</tr>
<tr>
<td>- Experimentation</td>
<td>- Challenging the norm</td>
</tr>
</tbody>
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LIVING WITH CONTINUOUS CHANGE

OPERATIONS
- Fast and flexible
- Activities directed to common purposes
- Continuous improvement
- Coupled to the real world

SOURCE: Chattell (1995:156)
According to Winslow & Bramer (1994:8) organizations should adopt a “wholistic” approach towards management and search for all the relevant factors that make their organizations successful. The issues identified or discovered, by individuals or groups driven by a self-directed learning climate, that will be put onto this agenda will be the factors that shape the future of the organization (Chattell, 1995:157).

The objective of this study is to:

- define and describe organization success
- describe the role of the main areas in which the factors that determine and influence organizational success are found
- identify and critically discuss the views on the importance and role of these factors per main area as seen by contemporary management theorists
- identify and describe future essential approaches that can assist with the exploitation of these factors in order to ensure organizational success

1.4 Method of the study

The study comprises of a literature study. Text books, articles and other publications relevant to organizational success were studied, compared and used in a critical deliberation of the issue.

1.5 Course of the study

In Chapter Two the concept of organizational success is defined. Historical and contemporary views of organizational success will also be discussed, as well as methods to prioritize and categorize them.

In Chapter Three the factors from the organization's remote, industry and operating environment that determine and influence organizational success are identified, compared in terms of importance and discussed.

In Chapter Four the people factors that determine and influence organizational success are identified, compared in terms of importance and discussed.

In Chapter Five the factors from the organization's itself that determine and influence organizational success are identified, compared in terms of importance and discussed.
In Chapter Six the management factors that determine and influence organizational success are identified, compared in terms of importance and discussed.

Chapter Seven presents a conclusion on the study and contains recommendations on the attainment of organizational success.
CHAPTER 2
ORGANIZATIONAL SUCCESS

2.1 Introduction

"...success is founded upon the effective performance at those moments when workers are deciding, doing, acting."

Winslow & Bramer (1994:29)

It is evident from the literature study that management theorists and organization leaders alike do not have a uniform frame of reference when they define organizational success (Van Dyk & Mol, 1988:21). Ball and Asbury (1989:1) state that there are a thousand answers to what drives and what constitutes organizational success. He identified three sources of ongoing research, providing three particular angles with respect to organizational success:

- the academics (but they lag behind the real world)
- the financial analysts (who focus mainly on share performance)
- the "excellence" industry (focusing on specific companies' performance at a particular time)

The search for the real success factors is a serious one as is evident in Kanter's (1989:13) statement that the fate of America lies in the success of its businesses. Finding the drivers of tomorrow's successes is an investment in the quality of life of the future. The future is like the Olympic games – it is both a challenge and an opportunity (Kanter, 1989:19). Pümpin (1991:12) postulates that only dynamic organizations can exploit the opportunities in such a way that all their stakeholders are better off.

A neutral approach would be to take a broad, holistic look at the findings of all of the above research material and make new deductions on what constitutes organizational success, what factors determine and influence it.

The diverse nature of the topic becomes more evident looking at how many different words and concepts are used by authors in management literature to refer to or describe the broader phenomena of and the quest for organizational performance and success:
realization of a successful, balanced life. The key question is: Why are there so many streams of thought and such a diverse number of approaches in the attempt to address organizational success? If management does not know what organization success is, and which factors determine and influence it, then they will also find it difficult to analyze the sub-components thereof and not be successful in implementing programs to attain organizational success (Van Dyk & Mol, 1988:22). Crainer (1995:xxvii) sheds some light on the phenomena of diverse management ideas, approaches and techniques. Research done by the Massachusetts Institute of Technology suggests that the many management fads follow a particular and regular life cycle:

- It starts with an academic discovery.
- The new idea is formulated into a technique.
- The technique is published in an academic publication.
- It then gets widely promoted.
- Consultants sell it as the latest universal panacea.
- The technique fails as a result of implementation problems.
- Only a few companies remain committed to it.

Crainer (1995:xxvii) concludes:

"...there is no single best way to manage — simply a rag-bag of shared experiences, short-lived best practice and high expectations."

2.2 Defining organizational success

"Business success is far more than the science of managing scale and cutting costs. It's the art of leading people, nurturing them, challenging their creativity so they will figure out what customers really need and want."

Clifford & Cavanagh (1985:9)

Van Dyk & Mol (1988:22) define organizational success as the result of the attainment of a high degree of efficiency and effectiveness in the organization. They further postulate that individual, group and organizational efficiency and effectiveness that lead to individual, group and organizational performance are the sub-components of organizational success. Organization success could also be defined as the ability to stand back and determine what the basic elements needed to succeed are and then to implement them effectively. Organization success is thus
doing the basic things required, efficiently and effectively (Ball & Ashbury, 1989: 7 & 123). The different modes of success that could be attained is just as varied as the organizations which are trying to reach this point and there are no single description of what exactly constitutes organization success. Research and discussions on the topic of organization success rather revolve around the factors and approaches that will ensure organization success. A reason why the targeting of specific companies to be used as role models in providing a recipe for the attainment of organizational success is a risky activity is the fact that the performance records of those companies do not stand the test of time (Crainer, 1995:xxix).

Pümpin (1991:12) gives a definition of a dynamic company that could equal or even surpass the definition of a successful organization:

"By a dynamic company we mean an economic entity which considerably increases the benefits for its stakeholders within a relatively short time."

He qualifies this definition by explaining two important differentiating aspects:

- all the stakeholders should benefit – not just one group like the shareholders for example;
- increase in value could be achieved quite quickly (within a few years).

2.3 Historical views on organizational success

"Organizations locked into yesterday's models of success will frequently go belly-up long before they admit that no formula is a winner for all time"

Chattell (1995:54)

Management theory is forever changing, dictated to by the prevailing economic, technological, social and ecological conditions. Pümpin (1991:155 – 156) provides a decade-by-decade summary of the development and changing focus of business management theory:

- After the Second World War: The greatest challenge was to find money for reconstruction, so the focus was mainly on finance and cost management.
• By the 1960’s: The customer started to discriminate and the focus fell on marketing. Improving the company became more important, albeit in a bureaucratic manner.
• In the 1970’s: The oil crisis created a more competitive economic environment - a more comprehensive solution to solve the problems of the future was required and many adopted the system approach.
• In the 1980’s: The analytical strategic planning approach left organizations out of touch with their customer base and the search for excellence, a holistic approach, started world-wide.

Peters and Waterman Jr. (1982:46 – 52) give an accurate description of what went wrong during the 1980’s, summarized as follows:

• to be narrowly rational is often to be negative
• the 1980’s version of rationality does not value experimentation and abhors mistakes
• anti-experimentation leads inevitably to overcomplexity and inflexibility
• the rationalist approach does not celebrate informality
• the rational model causes us to denigrate the importance of values
• there is little place in the rationalist world for internal competition

If humans learn by experience, does the answer to: what will ensure organizational success not lie in the past? The answer is no. Whatever the historical view of management was and whatever constituted organizational success, it is not relevant anymore. Chattel (1995:3 – 4) declares:

“The old certainties of management and what it means to manage are being swept away”

and

“An entire world of meanings, values and expectations are being swept away on a tide of change”.

Historical efforts to progress on the road to organizational success have been too fragmented, too compartmentalized. Chattel (1995:5) states that the management disciplines as seen in the past are only points of view, such as the:

• structural view
systems view
economic/financial view
psycho-social view
political view
scientific management view
academic view

The old paradigm's nature, that some organizations still cling to, is that it unwittingly assumed it had only one winning formula. This obviously only made sense as long as the new fitted in with the existing definition of perfection (Chattell, 1995:54 – 55). Organizations, argue Winslow and Bramer (1994:8) are like humans, they can solve health problem after health problem but the problems will at some point overwhelm them. They need to find a regimen that they can follow that will keep them healthy. Managers today are still searching for wonder cures and ad-hoc fixes, like cutting costs and restructuring.

2.4 Contemporary views on organizational success

"...tomorrow's organization is characterized by its commitment to enhancing its ability to perform excellently within the unstable dynamics of an unforeseeable future."

Chattel (1995:22)

De Greene (1982:36) made a relatively early and modern contribution to what adaptive and anticipatory organizations should do to become successful. They must be able to:

- provide alternative configurations of the organization
- sense and measure the present state and dynamic processes of the relevant external environments
- provide alternative future configurations of the relevant external environments
- provide a dynamic, integrated model of ongoing, yet alternative, organization-environment interrelationships
- assess present and future goals
- provide a repertoire of flexible plans
Peters and Waterman Jr. (1982:13 – 14) published their survey on America's best run companies and found eight attributes:

- a bias for action
- close to the customer
- productivity through people
- hands-on value-driven
- stick to the knitting
- simple form, lean staff
- simultaneous loose-tight properties

Handscombe and Norman (1989:3) list five fundamental objectives that they predict top management will have to achieve to secure a firm basis for competitive success, namely the:

- achievement of sound business performance standards
- creation of committed strategic relationships with key customers
- effective use of technology to satisfy customers' strategic needs
- development and maintenance of a pro-active and dynamic role for top management
- effective use and development of people

Van der Erve (1989:4) poses two questions: What makes some organizations more successful than others?, and: Why do certain strategies such as joint ventures and diversification, work in one company and not in others? All these questions, he points out, relate to how managers deal with corporate transformations successfully.

The need for a holistic approach to management underpins the current efforts to overcome organizational and functional boundaries (Espejo & Schwanniger, 1993:11). The integration of these ideas in day-to-day practice is however, difficult. Espejo and Schwanniger (1993:21) suggest that "tensegrity", a mechanism to increase people's chances of contributing, to the best of their abilities, to the generation of issues of relevance in any situation, lies at the heart of what organizations should strive to put in place. Tensegrity, according to them creates the structural conditions for autonomy and makes it more likely that effective strategies will be elaborated by an organization, thus increasing the chances for organizational success.

Chattel (1995:4) agrees with the aforementioned and argues that the understanding of the nature of tomorrow's successful organization calls for a new and holistic perspective on the intellectual, conceptual, behavioral, psychological, scientific and social cocktail required for organizations to
generate the dynamic behaviors required to prosper in turbulent situations. Burgess (1996:2), also remarks that the future high-performance company certainly will see itself in a wider context.

Hinings and Greenwood (1988:22 - 23) present the approach of reorganizations that involve movement between archetypes to achieve organizational success. Archetypes are defined as clusters of prescribed and emergent structures and systems given order or coherence by an underpinning set of ideas, values and believes.

Caves and Porter's (1991:31) view is that the success factor approach to strategy is too static and that the concept of commitment provides the dynamism needed in today's world to be a strategic success. According to Katzenbach (1995:26) performance and thus success must be the objective function of major change with balance. Katzenbach also holds the view that performance and success depends largely on what he terms, "real change leaders". For Chattel (1995:119) it is a question of organizations staying in touch with a fast moving world. Senge (1990:4) is adamant that the most successful corporation of the 1990's will be something called a learning organization. Pümpin (1991:12) postulates that corporate dynamism, which could be defined as a way of developing a company so that all its stakeholders are several times better off in a relatively short time, is the answer to future successful companies. Although Pümpin presents a case classifying himself as a follower of the principles of expansionism and that quantitative growth could be viewed with increasing suspicion, his rules for becoming a dynamic company do not differ at all from the success factors as stated by other authors. Pümpin's rules (Pümpin, 1991:13 - 14) for becoming a dynamic company are:

- set ambitious goals which can be achieved in a short time
- initiate a bias for action
- ensure your corporate culture encourages high performance and speed
- motivate your staff in any way possible
- make your organizational structure a flat one and delegate widely

Joiner (1994:8 - 10) gives a developmental view of the successful organization of tomorrow. He identifies the different management generations that developed over the decades but which are still present in today's organizations:

- 1st Generation: Management by doing
- 2nd Generation: Management by directing
- 3rd Generation: Management by results
The 4th generation, he describes as managers who still care greatly about results but know that better results can be obtained only through fundamental improvement. This generation of managers:

- become the champions of client needs, understanding that quality is defined by the customer;
- are the drivers of real, continual improvement by learning to manage the organization as a system; and
- work together with other employees as partners, believing in them and treating them with dignity and trust.

Successful organizations will be the ones who can get off the restructuring treadmill and get beyond re-engineering programs; those who can get to the future first and capture the riches that it holds (Hamel & Prahalad, 1994:25).

Joiner (1994:11) illustrates this new generation management through the following diagram:

FIG 2.1  THE JOINER TRIANGLE

SOURCE: Joiner (1994:8)

Winslow and Bramer (1994:5) argue that organizations should have a dualistic approach towards ensuring success:

- support the work being done at present so as to increase performance and quality
• support the work to be done in future by creating a knowledge infrastructure to assist with growth and change

Clifford and Cavanagh (1985:89) examined the American Business Conference companies and found that they exhibit six distinctive traits of organizational behavior. They:

• instill a strong sense of mission and shared values
• pay relentless attention to business fundamentals
• treat bureaucracy as an archenemy
• encourage experimentation
• think like their customers
• count on people

Van der Erve (1989:6) spells out three major transformation challenges that managers and individuals are confronted with in pursuit of excellence in their environments:

• how to design an outward-looking and competitive vision that ensures the success of the environment concerned
• how to develop and choose supporting strategies that result in optimal responsiveness of their environment
• how to initiate and facilitate the actual process of transformation

After extensive research into what has made thirty of South Africa's companies successful, Ball and Asbury (1989:7 – 8) found that these companies reached the top by applying nine basic factors:

• turning strategy into action
• giving the customers what they need
• liberating human potential
• welcoming change and encouraging innovation
• managing the fundamentals
• doing things properly
• managing stakeholder relationships
• the right kind of leadership
• building strong corporate cultures
Manning (1991:187) supplies a summary on research done on organizations considered to be leaders in their industries. They all:

- are customer focussed,
- are fanatical about beating the competition,
- give their people big challenges,
- foster a spirit of cooperation with their stakeholders,
- expect creativity from everyone,
- watch costs meticulously, and
- are driven by communication.

Irons (1994:xxiv – xxv) gives a list of what a manager of a service organization should do to attain long-term success:

- do strategic management, not planning,
- live with the customers,
- create a vision,
- get individual commitment, and
- "tend the orchard".

Further to this Chattel (1995:8 – 22) identified what he labeled, new performance imperatives. They are:

- customer orientation
- adaptability
- innovation
- fast responses
- transformation

2.5 Three dimensional structure to show relative contributions of factors

Schein (1980:18) presented a three dimensional model of an organization to mainly introduce an additional dimension to the vertical (levels in an organization) and the horizontal (functional spectrum) dimensions, namely the dimension of inclusion or centrality. That is the degree to which any given person or function is nearer to or farther from the central or core of the organization.
This model could be used to reflect, in the same three-dimensional fashion:

- the relative "weight" or importance of the success factors in the hierarchy – success factors will in all probability differ in terms of the level on which they make a contribution, be it strategic, functional or operational, on the vertical axes
- a functional grouping of success factors that received the same relative importance rating, on the horizontal axes
- their positions in terms of distance from the core (the core being organizational success), expressed in terms of centrality or inclusion

A better understanding of the interrelationships between the different factors is thus obtained. It provides organizations with a diagnostic tool to determine where they stand with respect to the different success factors and supplies them with a conceptual framework for planning and decision-making in this matter.
This analogy with Schein's three-dimensional organization structure not only provides a possible further method for prioritizing and categorizing the factors that determine and influence organization success, but also presents an opportunity for further research and a possible contribution to this academic field.

2.6 Criteria for identifying factors in literature

"What is the secret to business success and where is it to be found?"

Winslow & Bramer (1994:25)

It is obvious that one cannot identify all the factors and discuss them within the restrictive format of a dissertation. The relative importance and contribution of the factors that determine and influence organization success has also changed over the decades and new ones are being discovered as international research on this topic continues. A substantial number of these
factors will in all probability never change. They have been propagated for decades and are still viewed as being essential for organizational success. The search for the factors in the available literature was done by filtering the information at hand through a set of criteria and questions, namely:

- general consensus between authors on which factors are viewed as critical for organization success in future (Is there general agreement that a factor is essential?)
- the authors' motivation and substantiation of the success factors' contribution (Why is the factor important and essential)
- the importance and impact of the factors on organizations in future (Will the factor play an important role in future?)

In the process of discussing a success factor an effort is made to answer these questions. Categorizing the different factors that determine and influence organizational success is fairly elementary. Pümpin (1991:27 – 28) reports that his research indicates that as a rule new value potential is the result of changes in the environment, in the markets or in a company itself. The factors that influence organizational success can thus be found in or come from two sources only:

- the external environment; and
- the internal environment.

2.1 Summary

The concept of organizational success is a varied and complex one. There is not much clarity in the available literature on what actually constitutes organizational success. One of the concerns expressed by some of the authors is that organizational success, if attained, almost never stays with the organization for the duration of its existence. This phenomena, combined with the fact that what constitutes success for one organization could be mediocrity for the next, make the study of this topic extremely difficult which is evident from the diverse views found in the literature. In summary it could be stated that most authors agree that there are a myriad of factors to be identified, analyzed and which must be built into the strategic plan of the organization for management's attention. The first frontier to be explored is the external environment.
CHAPTER 3
ENVIRONMENTAL FACTORS

3.1 Introduction

"... the design of business strategies is based on the conviction that a firm able to anticipate future business conditions will improve its performance and profitability."

Pearce & Robinson (1991:109)

According to Hinings and Greenwood (1988:42) a prime managerial function is the interpretation of an organization's environment and of determining an appropriate response. Pearce and Robinson (1991:107) refer to a study where 200 company executives were asked to identify key planning issues in terms of their increasing importance to strategic success. The result showed the following three issues as top priority:

- domestic competitive trends,
- customer preferences, and
- technological trends.

Fobrun (1994:25) warns that a revolution is underway; a revolution of external pressures that will increasingly demand that managers conceive and execute strategic changes designed to alter radically how their organizations function. The individual organization will never be able to assess the possible negative or positive impact of all the factors in the external environment that determine or influence organizational success. It is therefore important for organizations to implement assessment processes or systems that will narrow, even if they do not precisely define, future expectations (Pearce & Robinson, 1991:109). Environmental scanning is the process by which the organization's environments are linked to strategic decision making. Information about the environment in which an organization operates is a vital asset and resource and timely, reliable information on its conditions and constraints will assist an organization to outperform its competitors with effective strategic decisions (Lambert & Stock, 1993:556).

The only certainty of the external environment of the organization is that it will remain uncertain until a strategy is implemented (Pearce & Robinson, 1991:107). Uncertainty and instability do not
signal the end of any certainties and predictabilities but signal the arrival of a new game. The inappropriate response on the part of organizations will be to retreat to familiar positions. Boundaries have become invisible and there are therefore boundless possibilities in the external environments of organizations (Chattell, 1995:1).

Chattel (1995:1 – 3) cites the following major changes arising from organizations' present and future external environment:

- predictability has been replaced with unpredictability
- forecasting and planning ahead has become a hazardous process
- consumer behavior is becoming more unpredictable
- stability has been replaced with instability
- the ability to respond differently has become more important than the ability to predict
- the massive has become the intangible – organizations and entire industries built on assumptions of economics of scale must now transform to achieve the economics of scope as customer definitions of what meets their needs become more individual, complex and intangible and the organization must leverage capabilities into the enhancement of unique customer lifestyles
- organizations are continually being subjected to a variety of crashing waves from the future carrying technological and competitive surprises
- the concept of customer life cycles give way to unique customer encounters
- development cycles give way to real-time responses
- assumptions on business processes and technological assumptions no longer make any sense

The aim of this chapter will be to highlight the factors in the different external environments of the organization that, according to contemporary views, should be addressed in the strategic plan of tomorrow's organization.
3.2 The organization's environment and its sub-components

"The task of synthesizing apparent chaos to provide a picture of the new – and on which ‘fits’ the organization to a new scheme of things – is the challenge facing all.”

Chattell (1995:4)

Pearce and Robinson (1991:77) present us with the following schematic representation of the total environment of the organization and its sub-components:

FIGURE 3.1 THE ORGANIZATION'S EXTERNAL ENVIRONMENT

SOURCE: Pearce & Robinson (1991:77)
3.3 Remote environment

3.3.1 Introduction

"On a macro scale, the world is being re-ordered. Capitalism is rampant. Communism is collapsing. Old regimes are falling. Markets are opening. A new economic order is being forged.

Manning (1991:27)

Up to ten to twenty years ago, most thinking about organizations was with the closed-system paradigm. Few people thought that the remote environment had any impact on the organization. Dramatic happenings such as social and technological change, pollution and the energy crises have changed people’s thinking. Maintaining congruence or fit between the organization and its environments has emerged as probably the single most important function of top management (De Greene, 1982:21).

The future remote environments of organizations are both turbulent and diverse. Interlinked global markets create important challenges for companies. Environmental diversity reduces the capacity of an organization to respond quickly to customer needs and new-product development. Organizations that are unable to make these rapid decisions and changes are unlikely to be successful in this new business environment (Cravens, 1994:66 – 67).

Hamal and Prahalad (1994:27) describe the turbulence in the external environment as a combination of several revolutions taking place at the same time, namely:

- environmental revolution
- genetic revolution
- materials revolution
- digital revolution
- information revolution

Huber and Glick (1993:4) add a sixth factor namely transportation, where changes with respect to manufacturing and importation will impact on business. Hanan (1991:8) believes that tomorrow’s competition will reveal the true source of wealth creation. Customers will create wealth and every supplier’s wealth will be a second-derivative wealth, derived from customers.
3.3.2 Economic environment

"... the emergence of new international power brokers has changed the focus of economic forecasting."

Pearce & Robinson (1991:78)

Organizations must study economic trends on a macro level as well as in the segments that affect their industry because consumption patterns are affected by the relative affluence of various market segments (Pearce & Robinson, 1991:78). Aspects that organizations must consider are:

- the general availability of credit
- the level of disposable income
- the propensity of people to spend
- prime interest rates
- inflation rates
- trends and growth in the Gross National Product

Drucker (1986:21) makes the statement that the concept of a changing economy is wrong. It has already changed in its foundations and in its structure, in that:

- the primary-products economy has become “uncoupled” from the industrial economy,
- in the industrial economy itself, production has become uncoupled from employment itself, and
- capital movements rather than trade of goods and services have become the driving force of world economy.

Trends, according to Drucker (1986:46 – 49), in world economics will be:

- development concepts like production sharing,
- international monetary system, and
- economic dynamics which have shifted to world economy.

In a later work Drucker (1992:13) had more clarity on what he predicted years earlier. Economic relations will increasingly be between trading blocks rather than between countries. Relationships will be conducted through bilateral and trilateral deals in respect of both investment
and trade. It is the response to the first emergence as a major economic power of a non-western society, Japan. There are new emerging economies like China's and a new Far Eastern bloc organized around Japan that organizations in the West will have to take cognizance of (Drucker, 1992:257). Most countries, especially those who had centrally planned economies are anxious to expand trade with each other (Walker, 1995:145). Businesses will integrate themselves into the world economy through alliances surrounding themselves with business and non-business support entities (Drucker, 1992:14). Business will be reshaped (Drucker, 1992:16) by the new economic trends like never before following two rules:

- move the work to where the people are, and
- outsource non-core activities.

The political history and transformation process in South Africa rendered the country with a sluggish economy, and local business is unlikely to be the engine of growth that it could be. The informal business sector, estimated to account for as much as 40% of economic activity, could provide the country with some promise of growth (Manning, 1988:14).

The economic reality for South Africa in 1997 and the next few years is an unsettling one according to Preece (1997:18). Economic growth in the 1990's will be even worse that the poor performance of the 1980's. The average wealth per person as measured against the gross domestic product per capita will in 1999 be lower than it was in 1989 which was lower than the figure in 1979. From such indicators it could be deducted that South Africa is one of the poorest economic performers in the world.

The successful organizations of today and tomorrow will be the ones who are basing their plans and policies on exploiting the world economy's changes as opportunities (Drucker, 1986:49). They should also, according to Jauch and Glueck (1988:91), determine what economic factors are most important to their businesses and attempt to predict the changes which are likely in those conditions. Jauch and Glueck (1988:92) warn that this is a complicated and difficult task but that organizations should make the best possible estimates of important economic conditions as inputs for strategic decision making.

International organizations that want to compete successfully internationally must take note and follow developments regarding existing and new economic power brokers like the European Economic Community (EEC) and the Organization of Petroleum Exporting Countries (OPEC) (Drucker, 1986:48). Pümpin (1991:11) adds to this list the growing debt of third world countries and exchange rate fluctuations as prevailing factors to be considered. Schoombee (1997:20)
reports that exports from South Africa almost doubled from 1993 to 1996 and Africa which accounts for 15% of South Africa's exports could prove to be an opportunity for success-seeking South African businesses. The South African Government's strategy for economic growth, job creation and re-allocation, GEAR, on the other hand, is directly dependant on South Africa's ability to attract foreign capital. Without it the program will in all probability fail (Schoombee, 1997:16).

3.3.3 Social environment

"Translating social change into forecasts of business is a difficult process at best. Nevertheless, informed estimates of the impact of such alterations as geographic shifts in population and work values, ethical standards, and religious orientations can only help a strategizing firm in its attempt to prosper."

Pearce & Robinson (1991:80)

The social environment (Pearce & Robinson, 1991:79) of an organization could be summarized as being the beliefs, values, attitudes, opinions, lifestyles of persons in the organization's external environment as developed from cultural, ecological, demographic, religious, educational and ethical conditioning.

Although it is not very recent information, Pearce and Robinson (1991:80) cite three major social changes that are still taking place in the United States of America:

- the large numbers of women entering the labour market changing personnel policies in organizations and creating the need for new products and services at home,
- quality-of-life issues becoming more and more important to customers and employees, and
- a shift in the age distribution of the population.

In Japan there is also a trend of women infiltrating the organizations and it is changing the traditional face of Japan. They, unlike their male counterparts, do not see the work organization as their tribal community. This phenomena could even influence the way European and other western male-dominated economies are doing business with Japan, as traditionally organizations have been arranged for male convenience (Handy, 1996:145 – 146).
In South Africa, organizations are still not able to make any sensible transformations with regard to incorporating elements of the African culture fundamentals such as Ubuntu (Koopman, 1991:49 – 52) into their corporate cultures, despite the fact that many of the larger organizations have large black staff components. Koopman, (1991: 49 – 62) made an intense study of the African culture and found the following aspects of major importance for the organizations that want to be successful in South Africa:

- elders are held in the highest esteem – the principle of age is an important source of wisdom
- an unquestioning obedience to superiors or elders
- fate or destiny is bestowed on the individual by an external force – not by the individual’s own will
- the extended family – symbolizing the dependence within the community
- the African work group – bound by morals and emotions rather than in terms of their roles or functions
- a strong reverence for ancestors who are believed to be able to affect the living
- group and social life is of great importance – high premium placed on group consensus
- ceremony and ritual have a high value in many aspect of social life
- forgiveness comes easily as a result of a capacity for reconciliation
- correctness of speech and beauty are prerequisites for a high social standing
- Africa is extremely social through its spontaneity and ease of communication
- Africa has a capacity for long-suffering through patience

Koopman, (1991: 49 – 62) gives examples of how the above can affect the organization’s way of conducting its business and manage its employees:

- when business decisions are to be made the elders must first be consulted
- managerial reality is not an absolute - it is socially and culturally determined
- working harder and/or smarter, if not induced by that divine force, will not happen naturally
- a “normal” aspect (like a funeral) becomes a social event that is far bigger than the individual
- quick group decisions are not desired, in fact the longer the debate, the better the decision – organizations will just have to invest time into it

Koopman (1991:68) also confirms that aspects such as the inclusionary approach to life and the high value placed on group cohesion could support the latest trends in organizational design
where people are freed from their restrictive single roles and team-work becomes essential for success.

3.3.4 Political environment

"... Government can be quite pervasive. In fact, it can influence every other environmental sector."

Jauch & Glueck (1988:96 – 97)

Pearce and Robinson (1991:81) describe the three major functions of government that can influence the success of certain organizations directly or indirectly:

- **Supplier function** – Government guards the accessibility of Government-owned natural resources
- **Consumer function** – Government's demand for products and services can create, sustain, enhance or eliminate many market opportunities
- **Competitor function** – Government can operate as an almost unbeatable competitor in the marketplace

Similarly, Jauch and Glueck (1988:96 –97) summarize the opportunities that Government creates for organizations:

- Governments are large purchasers of goods and services
- Governments subsidize firms and industries and thus help survive and prosper
- Governments protect home producers against "unfair" foreign competition
- Governments policy changes can lead to increases in opportunities and new businesses for organizations

It is important to be informed of governments' intentions. Organizations can increase the stability of their environments by lobbying for government assistance or to influence government policy. Some governments are used to lobbying and even indirectly co-operate by making their intentions public in annual indicative plans. Watching governments' intentions is almost as important as watching the competition (Reese, 1994:37).
Drucker (1992:20) predicts that international politics rather than domestic economics will dominate the 1990's and beyond. Organizations must study the latest political trends and ask themselves what these futures mean to them. Not all competitors are affected equally by a regulation, some win while others lose. To be effective, each player must understand the relative concentration or dispersion of the benefits from supporting or opposing a policy alternative (Reibstein, 1997:88). Reibstein (1997:80) identified two major worldwide trends in government policy towards business that organizations should take note of:

- the regulatory reform movement, including both deregulation and privatization, which is part of a worldwide downsizing and reinvention of government
- the significant increase in social and environmental activism

In South Africa political issues cloud almost every business decision since the business arena is highly politicised. Business leaders must make it clear to the politicians that an economy, like plants or animals, needs certain conditions to be successful and to grow. To become a world class nation, South African organizations will have to become world-class competitors (Manning, 1991:8). Three factors that are mainly in the hands of Government must get attention for South African business to become world class:

- National will — what is good for our country?
- Industrial infrastructure — privatization to maintain an already world class industrial infrastructure
- Foreign capital — South Africa will not realize economic growth without it and the country must be made more attractive to potential foreign investors

3.3.5 Technological environment

"As such, technology is at the heat of future strategic and competitive success, and requires urgent consideration by most companies as an integral part of the strategic management process...."

Handscombe & Norman (1989:56)

Manning states that mankind is on the brink of a quantum leap into the future. Technology changes in the years to come will change every aspect of our lives (Manning, 1991:29) for example:
• computers (palmtops, smartcards)
• telecommunications (mobile telephone and fax)
• robotics
• biotechnology
• genetic engineering
• fibre-optics
• new materials
• space exploration
• new medicines
• new farming techniques
• high-tech home entertainment
• new learning aids
• new office information systems

All these changes will influence the markets and consumer behavior and every aspect of how organizations are conducting their business (Manning, 1991:30 - 31). It is vital that technology is seen as an integral part of the delivery chain and not as a method of administration if it is not to be a barrier between the business and the customer (Irons, 1994:8). The global village is already becoming a reality as a result of the emergence of information super-highways made possible by the development of:

• fibre optics
• satellite communications
• high-power low cost computers
• easy-to use software

Handscombe and Norton (1989:10 -11) predict that the emerging key issue for the 1990’s and beyond regarding technology is that of making effective use of available and emerging technology across the full spectrum which impacts on all competitive aspects of the business in terms of:

• product technology
• production process technology
• raw material technology
• distribution technologies
• information and promotional technologies
• customers service and administration technologies
The gap between technology used and available technology is growing exponentially. There is thus no limitation to technology as a resource. Handscombe and Norton (1989:10 – 11) therefore urge organizations to approach their use of technology in an objective manner and ask the following four basic questions:

- What are the relevant technologies today and tomorrow for your customers, the organization and its suppliers?
- When were the technologies first developed and what has delayed their application?
- Are the needs being managed and satisfied in an integrated manner?
- Who in the company is managing the issue professionally?

Handscombe and Norton (1989:62) define the management of the use of technology as the management process that will give answers to these questions, as follows:

"...the management process by which organizations identify, access and use available international technology to achieve ongoing competitive advantage, profit growth and shareholder value through optimum customer and community benefits."

The management of the use of technology will bring success to the organization if characterized by the following dimensions:

- it must be focused, driven and coordinated at top management level
- it must be viewed as a major corporate asset
- the maintenance of a dynamic available technology inventory
- technology issues need to be analyzed and reacted to
- a strong and sensitive awareness of available, relevant technology opens a wide range of strategic options
- an appreciation for the risks involved in the use of technology
- open-mindedness and a thorough understanding of the process of innovation with regard to the uses of technology

Yapp (In Crainer, 1995:644) reminds us that there is some stability in the world of technology. While for the user community, the technologies may change rapidly, the business systems that
they support often have much longer lives, frequently running into decades. Managing the risk associated with new technology lies at the heart of many of the problems reported by organizations.

3.3.6 Ecological environment

"The natural environment may prove in the long run to have the greatest impact on the organization."

De Greene (1982:100)

Manning (1991:32) notes that not long ago, environmentalists were regarded as a very weird lot, not to be taken seriously, but this has changed. Today they target big businesses and demand serious attention. The Global 2000 study (De Greene, 1982:224 - 225) in summary, reported that by the year 2000:

- population growth will increase by fifty percent from its 1975 level
- the gap between the rich and poor will widen
- the food situation in general will become worse
- energy availability will continue to be a problem
- regional water shortages will become more severe
- serious losses of forests will continue
- serious deterioration of cropland and rangeland will continue
- climate altering damage to the atmosphere from air pollution by the year 2050
- the vanishing of up to twenty percent, of plant and animal species due to human destructive activities

Most of the accessible, nonrenewable natural resources have already been located and exploited and further exploitation will carry a high cost premium. Renewable resources also do not come cost free and there are subtle but severe longer-term ecological backlashes (De Greene, 1982:100). The importance of environmental and ethical concerns will thus still escalate beyond the year 2000. These issues are complex and have a direct bearing on decisions the organization must take with regard to the designing, packaging, using and disposing of products (Cravens, 1994:386). If a business has plants and factories it enlarges its competitive risk (Hanan, 1991:12). These environmental concerns are global in scope and the protection of the environment involves a complex set of trade-offs among social, political and technological factors.
(Cravens, 1994:432). Taylor (1992:669 - 673) holds the view that executives, searching for a competitive advantage need not to look any further than the environment around them. For many organizations, dealing with environmental issues were a necessary evil as pressure groups fought a very negative battle with the big corporates. Successful organizations has turn this situation around and integrated the concept of "green management" into their management tools arsenal. Green management is treated as a strategic issue in progressive organizations. The concept follows the principles that Green Management is about:

- managing the entire system
- focused on the long term
- about being the best
- committed to quality
- listening to the customer
- committed to the employees
- being part of the community

Green management poses the following advantages (Taylor, 1992:674 - 676) to the organization:

- cost savings through endeavors to curb air pollution that lead to more efficient production processes
- market opportunities by creating new "green" products
- good corporate image and the built-up of "environmental credit" for future use
- creating new opportunities such as tourism
- improved competitive position through for example, recycling
- employee motivation and pride
- setting the agenda for environmental legislation by being proactive

Sadgrove (In Grainer, 1995:1043) predicts that the environmental issues will be even more challenging and pose opportunities and threats that will impact on organizational success:

- waste disposal will be substantially more expensive
- landfill will be increasingly restricted
- energy and fuel from oil and gas will be more expensive
- distribution will become more complex and more restricted
- legal action for pollution will grow
- some raw materials, now in common use will be banned due to their toxicity
- environmental performance will be more visible
new markets will develop
alternative fuels will be more common
green companies will flourish

3.4 Industry environment

"Defining industry boundaries enables executives to ask these questions: Do we have the skills it takes to succeed here? If not, what must we do to develop these skills?"

Pearce & Robinson (1991:96)

Entirely new industries will soon be born. According to Hamel and Prahalad (1994:27) those industries, now in their gestation phase will include:

- microrobotics
- machine translation
- digital highways
- underground automated distribution
- virtual reality
- biomimetic materials
- individual satellite communications
- biomediation

Existing industries will be profoundly transformed. Some of the following changes that Hamel and Prahalad (1994:28) foresaw have all been experimented with and some of these technologies are in the process of being developed for commercial application:

- motor industry - cars with onboard navigation and collision avoidance systems
- education industry - electronic books and personally tailored multimedia educational curricula
- health industry - remote surgery
- information industry - interactive television
These opportunities are also inherently global. An organization that wants to be successful in any of these industries will have to collaborate and learn from leading-edge technology providers and suppliers wherever they are located.

3.5 Operating environment

"The wealth of a firm, and of each nation in which it operates, largely depends on its role in creating tomorrow's markets and its ability to capture a disproportionate share of associated revenues and profits."

Hamel & Prahalad (1994:29)

Competition for the future is competition for opportunity share, rather than market share, within a broad opportunity arena. This change in view according to Hamel and Prahalad (1994:31) will compel organizations, seeking to be successful in acquiring their opportunity share, to ask the following questions:

- Given our current skills or competencies, what share of future opportunities are we likely to capture?
- Which new competencies would we have to build?
- How would our definition of our "served market" have to change for us to capture a larger share of future opportunities?
- How would we attract and strengthen the skills that form the competencies that provide the gateway to future opportunities?

Hamel and Prahalad (1994:30 - 42) describes the difference between the competition of today and the competition of tomorrow by making the following statements:

- competition for the future is for opportunity share rather than market share
- competition for the future is not product versus product or business versus business anymore, but company versus company
- opt for integrated, complex systems in future rather than innovation around a stand-alone product
- opt for perseverance to make a long-lasting difference to the customer's lifestyle rather than focusing on speed of delivery
there are opportunities in the future in uncharted, unstructured industries

To become successful, organizations must maximize their customers' ability to grow. The strategists of tomorrow all agree (Hanan, 1991:10) that in order for organizations to be successful in their operating environments, they can no longer afford to do the following:

- compete unpartnered
- sell on price and performance
- "go it alone" in research and development
- bet incorrectly on the next technology
- market products horizontally
- buy from multiple vendors
- let third parties come between you and your customers
- allow customers to grow slowly or not at all

Hamal and Prahalad (1994:31) recommends to the organizations that want to be successful in their operating environments:

"To gain a disproportionate share of the future profits it is necessary to process a disproportionate share of the requisite competencies"

3.6 Summary

The external environment of the organization of tomorrow will be a turbulent but exciting place. None of the sub-environments in the remote environment of the organization should be ignored or demoted to a lower level of importance. Be it political, social, technological, ecological or economic, there are major changes in each of these environments that organizations must take note of. Top managers will have to continuously ask the question: "What if ...?" in order to establish most of the opportunities and threats that await the organization. The industry environment reacts to, and is driven by, the remote environment as well as customer needs. The organization must anticipate and react to new and changing industries in order to maintain its competitiveness and ensure success.

The operating environment of the organization resembles the organization's battlefield. The organization must manage the complex relationship between itself and its suppliers, creditors, customers and competition in such a manner that the organization emerges as the winner after
each round. The organization must develop the competencies needed to survive and prosper in its operating environment.

The internal environment of the organization is just as diverse and prone to change. The only difference is the fact that management has far more control over the activities and changes within the organization than is the case with the external environment.
CHAPTER 4
ORGANIZATIONAL FACTORS

4.1 Introduction

"Success in the uncertain world of tomorrow depends on the continuous regeneration of the organization, its internal structures, processes and relationships while maintaining the ability to do the new exceptionally well quickly and first time."

Chattell (1995:143)

In pursuing its goals the organization interacts with its environment as discussed in Chapter 3, focussing on the success factors identified in it. But the organization itself also harbors a complex set of factors that determine and influence organizational success (Manzini, 1988:3 – 4). For the purpose of focusing on the organization in a narrower sense, the discussion in this chapter will exclude the people factors, as these factors will be addressed separately in Chapter 5. The success factors discussed in this chapter will pertain to the:

- Organization structure and design
- Job design/task alignment
- Organization focus/orientation/role
- Organization culture

4.2 Organization structure and design

"The excellent companies also appear to be reorganizing all the time."

Peters & Waterman (1982:311)

Structure contributes to corporate success by ensuring an effective interface with customers, competitors, suppliers, as well as competitive products and technologies. As such, the organization structure is one of the key culture performance drivers because it impacts on how people operate together in any organization (Van der Erve, 1989:75). Most of the authors of
management literature address the issue of organization structure design as a very important factor to be addressed in the quest for organization success. In order to execute its mission, plans and objectives, an organization must establish a structure that reflects what is to be done and by whom (Manzini, 1988:103). He also warns that a poor structure can severely hinder even the most capable people. To the organizations of tomorrow, the rigid structures of the past are serious obstacles to flexibility, adaptability and fast responses to its customers and environment.

Organization charts are snap-shots of management's assumptions and perceptions about how best to achieve business goals (Chattell, 1995:65). Organization structures should reflect the strategy formulated. The organization structure is the first step in providing the management and employees with a clear signal that the desired changes are taking effect. Enhancing the organizational structure requires a departure from the traditional narrow approach towards organizational structure design. It should not only accommodate the prescribed framework but also the emergent and realized patterns of interaction within organizations. It must describe how actors must actually accomplish their work, develop policy and allocate resources (Hinings & Greenwood, 1988:11).

There is no common structure that fits all organizations. For example, a structure that serves a manufacturing firm well should not be adopted for a service organization. Irons (1994:144) feels that such a decision will be positively dangerous. In redesigning the structure however, a critical factor that should be added is responsiveness as is the case with matrix organizations (Kanter, 1983:55). Organization structures, like the people who serve in them, should adapt faster and reflect the scope and nature of the demands of the environment. To break free of the bureaucratic and hierarchical limitations, people in the organization should be allowed to do their own thing to a large extent. Hamal & Prahalad (1994:291) uses the analogy of a wild pack of wolves. Every wolf is unique, does not always accept the leader's role or standing, but hunts in unison with the team towards a common goal.

There seems to be however, one crucial concomitant to the excellent company's simple structural form, namely lean staff, especially at corporate level (Peters & Waterman Jr., 1982:311). Reese (1994:85) adds to this by saying that all organizational alternatives to the tall bureaucracies have one thing in common: a more efficient use of management. Organizations that embark on the intrapreneurial route must build the following (Pinchot, 1985:351) into their organization structures:

- a freewheeling atmosphere in which anyone can talk to anyone and the opinions of everyone are respected; along with
• a quick way to resolve issues and get on with it.

In radically changing environments the structural tools that managers could rely on to build organizational networks (Fombrun, 1994:227 – 228) are to:

• prune bureaucracy
• decentralize decisions
• improve two-way communication, vertically and horizontally
• reunite personal and work lives
• encourage participation
• expose sheltered units to competition

An exiting new concept in organization design is the virtual organization, which, mainly because of the information revolution, is making it possible for any workers to collaborate anywhere. Organizations can now be electronically coordinated, and as a result the future structure is not a static one. It is a virtual means of expressing as many configurations of resources as required by each client (Chattel, 1995:81). An even more futuristic organization form is the internal markets which is a collection of self-managed internal enterprises that conduct business with one another and external parties (Collins & Devanna, 1994:359).

4.3 Job design/task alignment

"By task alignment we mean a redefinition of work roles, responsibilities, and relationships within a unit, in a way that will enhance the coordination required to accomplish the tasks critical to the success of the business."

Beer, et al. (1990:45)

Designing and redesigning jobs and similar interventions in the task subsystem have been popular methods used by scientific management consultants for decades (French & Bell, 1984:198) as a means to alter and focus the day-to-day activities of organization so as to attain organizational success. The importance of this factor's impact on organizational success is evident in the amount of research done on this topic. Later developments in this area include:

• job enlargement (horizontal enlargement) (French & Bell, 1984:198)
• job enrichment (vertical enlargement) (French & Bell, 1984:198)
• localness (freedom to act locally) (Senge, 1990:287)
• technology-enabled generalists (Chattell, 1995:158)
• the personal mission (Chattell, 1995:159)
• job scope (Katzenbach, 1995:211)
• job involvement (Lawler in Crainer, 1995:340)

It is evident from literature that organization success depends largely on the organization's ability to learn, change and the creation of a capacity for creativity and innovation. Kanter (1983:144) warns that the more jobs are formalized and codified, the less innovation is produced in the organization. Peters uses the analogy between the family and work situation, and questions the need for formality in job design, such as job descriptions. The family unit operates successfully without it, he claims (Peters, 1992:211). Job descriptions and job grades are almost like a jail sentence, states Koopman (1991:134). But organizations are changing in this regard.

Kanter (1989:18) remarked that business is gradually shedding the shackles of an artificial status order that told people what their place was, and to stay in it. Pinchot (1985:351) also agrees that a future venture's business plan should contain job descriptions that are purposely vague as most intrapreneurs are not fond of job descriptions. Katzenbach (1995:209) notes we have since learned the hard way that when individual behaviors are determined by job descriptions and lines drawn by others, individual initiative and innovation are often sapped.

In the organization of tomorrow, says Chattell (1996:159) there will be no such thing as the standard job. It will be replaced by the personal mission. The personal mission will be concerned with one thing only: making a difference. Katzenbach (1995:211) confirms this by saying that communicating a set of job-scope-and-duty descriptions does produce real change. The simple act of ongoing delegation creates a dynamism that is being multiplied throughout the organization, making the organization more flexible, increasing its ability to change as its environment dictates ((Pümpin, 1991:128 – 129). Senge (1990:187) calls this localness. It implies extending the maximum degree of authority and power as far from the top or corporate center as possible. Huber and Glick (1993:404) give the following attributes of effective postindustrial organizations with regard to job design:

- Individual/group empowerment:
  - Self-control and self-designed responsibility
  - Intraentrepreneurship
  - Multiple organization memberships
Cross-functional empowerment:

- Continuous learning
- Cross training

Jobs must be designed in such a way that the learning and motivation curves continuously increase. The purpose of making jobs motivating is not to get more work for the same pay, but to get more valuable work from more valuable employees who could therefore also be better paid (Gellerman, 1994:31).

The task alignment within an organization unit is as important as the design of a particular job. This process, lead by the manager, will decide who needs to work together on what tasks and in what ways to solve the most important business problem or opportunities facing the organization (Beer, et al., 1990:53). Individuals may work extraordinarily hard but if the team is relatively unaligned, their efforts do not efficiently change to team effort. Empowerment of the employee without alignment of the job to the larger team vision worsens the chaos and makes managing the team more difficult. In fact, states Senge (1990:234 - 235) alignment is the necessary condition before empowering the individual will empower the whole team. The more unstructured the situation and unpredictable the future the greater the need for alignment and structure of jobs and teams. The military organization is a prime example of this rule (Van Dyk & Mol, 1988 : 81). Entrepreneurial organizations however, will have to find the right balance between the flexibility and room for innovation as required by the entreprenerial spirit and the need for alignment, balance and stability.

Drucker (1992:86) also addresses this point and warns that job enrichment and the ever widening of job scope have their limits of adding value. The danger of designing jobs that are functionally too busy, can lead to a lack of necessary specialization and focus and eventually to job impoverishment. It destroys productivity. But so do work-rules and job descriptions reasons Drucker (1992:117) especially if it forces workers to do only one job

4.4 Organization focus/orientation/role

"...organizations, not focussed properly on the moment of value, either do not see or to easily overlook those moments when performance does not match expectations."

Winslow & Bramer (1994:31)
The essence of tomorrow’s successful organization’s orientation will be to accept its role as a shaper of the future. It will require a continuous creation effort as such companies will find themselves in the chaos zone – the interface between what works and what is soon to be outdated (Chattel, 1995:199). The future organization’s unwritten contract with its people is its commitment to the creation of future-generating possibilities as depicted in the model below:

FIGURE 4.1 CREATING SOCIAL REALITY


But, warns Reese (1994:29) being a dynamic organization is not synonymous with being successful. Surveys done in the British industry showed that it was not a question of being static or dynamic that lead to greater success but the companies’ orientation towards aspects like cost control, avoiding debt, motivating employees and building up brand images.

Ball and Ashbury (1989:142) also found that top-performing organizations in South Africa are sophisticated but that this does not necessarily imply complexity. The winning companies were all oriented towards simplicity and were sticking to the basics. Ball and Ashbury (1989:113) also warns that organizations must ensure that they keep their focus. Many organizations have lost a great deal of money and time by chasing after new ideas that had nothing to do with the core
Super-performers focus their attention and their resources on the task at hand and unrelenting and undistracted follow-through is the order of the day (Ball and Ashbury, 1989:33).

Peters and Waterman Jr. (1982:154 — 155) established that there is no one more important trait among the excellent companies than their action orientation. They do not give in and problems are tackled in an informal fashion with the real decision-makers at hand to give the processes impetus.

4.5 Organizational culture

"The culture of your business did not grow up overnight, and it will not be changed overnight either. It takes time, and patience. Just as the current behaviors in the business only become habits by repetition over time, so it will take time for the new behaviors to become new habits. But the journey can take you into completely new territory, to levels of performance you did not even dream about when you started out."

Drennan (1992:4)

Culture is a conglomerate of phenomena that determines the way a company works or operates (Van der Erve, 1989:52). Culture is the articulation of well-thought-out, passionately felt values that give meanings to organizations. Chattel (1995:100) warns that an organization culture that reinforces behaviors not relevant to the organization's current or future business environment can only confine the organization to an increasingly irrelevant past. Much of the trouble in organizations comes from attempts made by management to go on doing things as they used to be done, from a reluctance to chance when it needs to be changed (Handy, 1991:11). In the winning organizations that Clifford Jr. and Cavanagh (1985:13 — 14) studied, cultures are deeply rooted and widely shared.

Clifford Jr. and Cavanagh (1985:13 — 14) distilled four general themes that run through the culture in most of the winning performers:

- earned respect,
- evangelical zeal,
- habit of dealing people in, and
- a view of profit and wealth-creation as inevitable by-products of doing other things well.
The disintegration of paternalistic cultures appears to be well under way (Fombrun, 1994:9). Attention to, and the active management of, organization's cultures are more important now and in the future than ever before. Managers cannot accommodate change within a static culture. The solution is to create a change-seeking culture (Chattell, 1995:100). Change-seeking cultures:

- are capable of maintaining their forward viability however circumstances change
- see their culture (assumptions, beliefs and practices) as a resource
- are open to change and capable of change
- see themselves as vehicles of discovery
- use as their guidance system the rate at which they can learn
- are profoundly concerned with being connected intimately to the future as it unfolds
- place a high value on amplifying the best
- believe in self-directed behavior
- develop the strategic learning capacity of the organization
- acknowledge the fact that it is learning speed and ability and not knowledge accumulation that is important
- create space for creative people

Clifford and Cavanagh (1985:76 – 78) found that winning performers instead of just talking about problems and challenges actually do something about it and that there are at least five identifiable patterns to their behavior. They:

- focus relentlessly on every facet of the organization and on the ways the facets work together
- maintain an implausible balance between reinforcing unshakable values and the freedom of the individual with respect to change and innovation
- believe in their people as the only lasting competitive advantage
- create meanings for their people
- never stop communicating

Ball and Ashbury (1989:91 – 92) found that in many of the super-performing companies they studied in South Africa, an extraordinary effort was made to understand people's attitudes and beliefs and then to build a robust value system (culture) around these and the dictates of the market place. They also report that they have seen without exception, what they term, "culture power" working in each of the top performing organizations. Corporate culture keeps the organization aligned, as if it is an invisible force field (Ball and Ashbury, 1989:212). Although
changing corporate cultures can contribute greatly towards organizational success, Drennan (1992:270 - 271) gives the following antidotes:

- obtain top management commitment and control,
- obtain commitment from the rest of the management team,
- start small, gradually institutionalize, and
- set goals.

Koopman (1991:87) adds his advice by pointing out that organizations should be sensitive to the value systems of the particular society people originates from and not simply superimpose an existing value system on them. Reese (1994:31) confirms that most modern literature confirms the message that a strong organization culture is a major factor in the long-term success of a company but warns that because organization culture is such a strong phenomena, it could also be a two-edged sword. If management's vision and goals are in harmony with the prevailing organization culture it could be a vital asset, if not, it could torpedo the best strategic intentions. One way of avoiding the trap of a single and maybe a too strong culture is to concentrate on creating synergy in vision and allow for culture-specific solutions in order to utilize cultural strengths (Van der Erve, 1989:24).

Fombrun (1994:198 - 204) describe the need to build four symbolic cultures to enable organizations to cope with the demands of increased global competition and change, namely:

- building efficient cultures – performance management and incentive schemes must be so designed that it fosters more efficient and productive cultures
- making cultures entreprenerial – breaking up bureaucracies and develop a tolerance for failure in the process of encouraging employees to take risks
- encouraging equitable cultures – implementing strategic change tends to be far easier in corporate environments whose managers are recognized for distributing both gains and losses equitably among groups and levels
- devising ethical cultures – institutional pressures are compelling managers to make their organizations conform to commonly accepted ethical principles

"The challenges of tomorrow will fuel the need for new management tools, one of which a framework for the repositioning of corporate culture and the development of change strategies" (Van der Erve, 1989:58)
4.6 Summary

The organization is a living entity and presents management with a variety of dimensions and factors that could be managed and shaped for optimum performance in order to achieve success. The organization structure represents the organization's macro-architecture that must be harmonized with the strategic plan. The organization structure ensures that all efforts are directed in an efficient manner towards the goals of the organization.

The proper design of individual jobs on a micro-level is equally as important. The alignment of individual jobs and teams within the rest of the structure are essential for it has a direct bearing on the level of dynamism of the organization, how fast it can move forward and react to sudden changes or opportunities. The organization as a whole should be orientated towards its role of being the shaper of its own future with a bias for value, simplicity and action. The culture of the organization of tomorrow must provide a breeding ground for intrapreneurs, fostering values that are in tune with the organization's goals.

This chapter focussed on organizational issues that requires a broad approach. The next chapter deals with the individual and specific behavioral aspects as they present themselves in organizational life. Just as the organization has different facets that must be managed so does the individual employee.
CHAPTER 5
PEOPLE FACTORS

5.1 Introduction

"The excellent companies live their commitment to people..."

Peters & Waterman Jr. (1982:16)

People are everything, though many organizations still do not act according to that believe (Peters, 1988:13). Organizations which view their people as raw materials, sources of hands, as being disposable, are cultivating a work force with low self-esteem resulting in a massive cost to the energies and innovative capabilities of their people (Chattell, 1995:138). Most organizations and authors of management books make the point that people are the most valuable asset in the organization. In practice this is however, found to be quite different (Pümpin, 1991:133). But, it just happens to be true, remarks Manning (1991:55) and organizations must now start to demonstrate their belief in it. Van der Erve (1989:75) sees the people’s involvement as a most important key culture performance driver.

People should be seen as sources of resourcefulness (Chattell, 1995:154). The people of tomorrow’s organization are the sole sources of the innovation and the fast, well-judged adaptive responses that will ensure survival and success (Chattell, 1995:160). The total development of the people of the organization is thus essential for organizational success (Senge, 1990:143).

Organizations should not just treat their employees well, they should treat them as important and capable enough when the organization is looking for new ideas during a change process (Kanter, 1983:151). Treating people – not money, machines or minds – as the pivotal, natural resource may be the key to it all (Peters & Waterman Jr., 1982:39). Employees will not be committed to an organization’s goals if they feel that the organization short-changes them (Manning, 1991:56).

Super-performing organizations, Ball and Ashbury (1989:65) found, are liberating their human potential by:

- treating individual dignity and respect as a religion
- taking care of individual needs
vesting people with autonomy and freedom
viewing red tape as anathema
giving people work that matches their spirits
recognizing the fact that people need to have demands put on them
that the pride of winning is chest-busting stuff
that what constitutes a fair deal is rather generous
that communication is the likely conductor that carries the energy through the organization
that culture management is the order of the day

The people success factors that are given priority in modern management literature are:

- Effective staffing
- Entrepreneurship and entrepreneurship
- Commitment
- Leadership
- Motivation
- Capacity to change
- Capacity to maintain balance

5.2 Effective staffing

"You cannot build performance on weaknesses. You can build only on strengths."

Drucker (1986:123)

Effective staffing lies at the heart of many of the organizational and managerial challenges of the 1990's and beyond (Hartley & Marshall In Crainer, 1995:273). Executives make an alarming percentage of mistakes when they take promotion and appointment decisions (Drucker, 1986:119). Making the right staffing and people decisions are the ultimate means of controlling the organization (Drucker, 1986:127). Organizations will have to create new structures, compensation, benefits and reward policies to attract and hold entrepreneurial people needed for future demands (Drucker, 1986:158).
Organizations embarking on the long-term journey of change to ultimately achieve success, will depend almost solely on their employees in the process. People can ultimately make or break an organization's culture. It is therefore necessary to pay careful attention to recruitment. It is essential to hire people that best suit the organization's envisaged culture (Reese, 1994:30).

When organizations hire people they not only get their hands, they get their hearts, minds and souls as well (Manning, 1988:55). Drucker (1986:122 – 123) suggests five important steps in making effective promotion and staffing decisions:

- think through the assignment, look at the long-term objective of the job, not the job description
- look at a number of potentially qualified people
- think hard about the criteria for the evaluation of the candidates
- discuss each of the candidates with several people who have worked with them
- make sure the appointee understands the job

5.3 Entrepreneurship and intrapreneurship

"The champion is not a blue-sky dreamer, or an intellectual giant. The champion might even be an idea thief. But, above all, he's the pragmatic one who grabs onto someone else's theoretical construct if necessary and bullheadedly pushes it to fruition."


As late in the century as the early 1980's, organizations viewed entrepreneurship and creativity as an undesirable attitude (Kanter, 1989:176). This was a short-sighted approach by many organizations since there beats in every person the heart of an explorer (Hamel & Prahalad, 1994:132). Smart organizations know that money does not produce innovation; people do (Drucker, 1986:263).

The most fundamental building blocks of the new organization are the employees turned into businesspersons. Everyone in the organization must be empowered and have all the organizations' information at their fingertips (Peters, 1992:227). Organizations need to create conditions that will make it possible for individuals to get the power to experiment, create, develop, test and innovate (Kanter, 1983:23). Pinchot (1985:3 – 4) defined a new concept
namely, intrapreneurship - a method of using the entrepreneurial spirit where many of our best people and resources are: in large organizations. At present, most organizations do support intrapreneurship and new ideas for reasons ranging from economic to cultural but it sends out the same signal to the employees – the organization has a winning attitude, a desire to be successful (Kanter, 1989:200). Ball and Ashbury (1989:81) report that not only did they find an understanding of the unstoppable force of the entrepreneurial revival in South African super-performing companies, but a willingness to run with it and lead it. Chattell (1995:133) postulates that as people become aware that what they are doing is the right thing and that they are making a difference in the process, they will begin to operate on a higher level of energy, purpose and entrepreneurial flair. Peters (1992:596 – 598) has the following proposal to organizations on intrapreneurs:

- hire entrepreneurs and renegades
- protect intrapreneurs and renegades
- send intrapreneurs to distant regional offices so as to not impose corporate culture on them
- hire passion/"joie de vivre"
- promote passion/"joie de vivre"

These people are termed growth promoters by Pümpin (1991:18). It is someone with a vision of a new kind of business and the energy to turn that vision into reality. Real change leaders in organizations believe in a set of democratic principles that tap the creative power inherent in every person (Katzenbach, 1995:16). This is enhanced further by intense, informal communication systems where the absence of barriers to talking to each other are essential (Peters & Waterman Jr., 1982:218).

There are good reasons according to Pinchot (1985:88 – 95) why intrapreneurs could perform better than entrepreneurs:

- they have the marketing clout and the name of their organization behind them
- the availability of the technology base and research and development facilities of the organization
- the organization's people trust each other
- internal network of resources is available
- pilot plant and shared-time production possible
- availability of funds
Intrapreneurship, states Pinchot (1985:321) is not just a way to increase the level of innovation and productivity in organizations, it is a way of organizing vast businesses so that work again becomes a joyful expression of one's contribution to society.

5.4 Commitment

"Commitment is the only general explanation for sustained differences in the performance of organizations"

Commitment is defined as the tendency of organizations to persist with their respective strategies. Without persistence there is little chance of becoming successful (Chemawat, 1991:31). This should be true for individual organization members as well.

The primary reason why one team outperforms other like groups is because its members are more committed (Katzenbach, 1995:220). Emotional and value commitment are established when organizations make people feel that they belong to a meaningful entity and that their contributions are valued (Kanter, 1983:149). When organizations embark on a road of change, keeping promises is key to keeping commitment (Kanter, 1989:86). In this process organizations must assist their employees to commit to a vision beyond their self-interest as this state of mind generates the necessary creative energy to cope effectively with the demands of changing environments (Senge, 1990:171 – 172). Tomorrow’s organization is an organization committed to what make sense in the future and shaping its business by challenging, extending and redefining the boundaries of the present (Chattell, 1995:220).

Pinchot (1985:19) remarks that seasoned investors look for people who are so deeply committed, even to the point of being irrational, making ventures succeed that no amount of surprises or setbacks will stop them. Ball and Ashbury (1989:147) call this tenacity, breeding, a showing of pedigree. It describes a characteristic shared by super-performers that has to do with relentlessly following through and meeting commitments. It is running through the finishing line and not at it, it is about thoroughness and finishing off.

Reibstein (1997:293) states that commitment has become a subject of increasing interest in strategic management. Rivals will have to take the commitment of an organization into account
when determining their best actions. Narrowing options and committing to them can thus improve competitive positions and the chances of success.

5.5 Leadership

"The leaders of our super-performing companies are consumed by something that puts them into a category called "something special". A leader in this category is a vital ingredient in the super-performer recipe."

Ball & Ashbury (1989:186)

Leadership is still being regarded as one of the essential ingredients necessary for organizational success. What has changed though is the role and where leadership is practiced. Flatter, leaner, customer oriented organizations need leadership at the frontline and not just at the top (Collins & Devanna, 1994:388 – 389). The role of leaders is to create within the organization a vision of what the organization is, what it means to be a member of the group and in sharing in the vision people can work together toward common goals without draconian systems of control (Pinchot: 1985:286).

The reason why leadership will be needed more than effective management, is because the main activities of leadership according to Collins & Devanna (1994:397) all have to do with change. They are:

- visioning,
- aligning, and
- mobilizing.

Apart from being able to do the above the leader of tomorrow will have to possess a broad cross-functional organizational view rather than a narrow functional one. The same goes for the external environment. The leader of the year 2000 and beyond must possess a global perspective and be schooled in foreign markets, geopolitical forces, global economics and local cultures to manage and do business in overseas markets (Collins & Devanna, 1994:406). Clifford and Cavanagh (1985:230 – 238) states that the successful organization will have to provide entrepreneurial leadership that will:

- be committed to the point of obsession
• institutionalize values, passion and leadership
• create perspective

Katzenbach (1995:8) calls this new breed of leader that is needed in future, real change leaders. He describes them as:

• excellent communicators
• unexpected risk takers
• committed to a better way
• people who have the courage to challenge
• personal initiatives to go beyond defined boundaries
• motivation to themselves and others
• caring about people
• having a sense of humor

Leaders of the year 2000 and beyond will still be the drivers of the organization. Democratization of the workplace and participative leadership styles does not mean the abdication of the leadership role (Ball & Ashbury, 1989:186 – 199). According to them the modern leader will:

• inspect the organization physically
• generate excitement
• get down to the coalface
• blaze the trail
• make implicit and high demands
• have a vision
• make meaning of the vision
• communicate
• draw people around them

Drucker (1992:100) gives a sobering overview of leadership. Leadership is in essence about performance, it is not about leadership qualities or charisma. It is a means. Leadership is about:

• hard work setting the goal, priorities and standards
• seeing leadership as a responsibility rather than a rank or privilege
• attracting strong associates
• creating human energies and human vision

65
• earning trust
• being consistent, not clever

Phillips (In Crainer, 1995:124) is adamant that the vital role of the leader in shaping performance and coaching becomes fundamental to the organization’s success. The leader’s role has changed to become more complex and even more critical to the organization’s success. Leaders must:

• ensure that high performance levels are achieved and sustained
• handle complexity and ambiguity
• enjoy leading the change process
• ensure that the organization, and its processes, are constantly developed to deliver the strategy and performance
• ensure that the people within the company are motivated, developed and rewarded to produce outstanding results

5.6 Motivation

"All of us are self-centered, suckers for a bit of praise, and generally think of ourselves as winners."

Peters & Waterman Jr. (1982:55)

Peters and Waterman Jr. (1982:269) remark that they were struck by the wealth of non-monetary incentives used by the excellent companies. Nothing is more powerful than positive reinforcement to motivate people. Successful, top performing companies use this extensively. The excellent organization (Peters & Waterman Jr., 1982:277) has a people-motivating philosophy that says:

• respect the individual
• make people winners
• let them stand out
• treat people as adults

The systems in excellent companies are not only designed to produce winners, but are constructed to celebrate the winning once it occurs. The old adage “Nothing succeeds like success” turned out to have a scientific basis after researchers studying motivation found that the
prime factor for motivation is the self-perception among subjects that they are doing well (Peters & Waterman, 1982:58). A positive self-image thus enhances motivation which requires positive reinforcement. Reinforcement should be carried out in a specific manner:

- it ought to be specific
- it should have immediacy
- it should take account of achievability
- a fair amount of the feedback comes in the form of intangible but meaningful attention from top management
- unpredictable and intermittent reinforcements work better

Gentle persuasion through a subtle shaping process can over a period of time lead people to pay attention to new activities (Peters & Waterman, 1982:58). Peters and Waterman Jr. (1982:80) found that excellent companies appear to take advantage of another human need, namely the need to control one's destiny. Pinchot (1985:49) also observed high levels of motivation amongst intrapreneurs and contributes this fact to the way they take ownership of their job and future outcomes as well as the satisfaction they obtain by seeing a venture grow and become successful.

5.7 Capacity to change

"The rate at which organizations can leave the past behind becomes one of the key differences between those who will win and those who will lose"

Chattell (1995:3)

It could be that people inherently have the capacity and that they want the opportunity but that management does not push it to the limit because they underestimate the capacity of their people (Peters, 1992:102). According to Koopman (1991:131 – 134) there will always be people that for some reason of their own will resist change. Their capacity to change or acceptability of change must be worked on extensively through analyzing and managing humanistic values and perceptions and by changing old style management structures and processes. People who do resist change however must be drawn in to the process by making them feel involved (Peters, 1992:368).
It is partly the fault of management who, over the decades, made the task of improvement, or change, an elitist responsibility. This has blinded organizations to the wealth of experience owned by those closest to the job. It is therefore no wonder that people tend to see change as a threat. Their involvement and capacity to accept change must be maximized and further enhanced by training them in problem-solving techniques (Popplewell & Wildsmith, 1988:142 – 143).

Hinnings & Greenwood (1988:59) states that the ability of the organization to achieve transformational change will be influenced by the capabilities and competencies of the organization in two ways:

- the capability in transformational leadership, an
- the capability in archetype design.

For Chattel (1995:109) the building of capacity for change lies in the building of a strong organization culture which can change and adapt and keep its eye on the ball on the same time. For tomorrow’s organization the ability to focus and the ability to change are the same thing and the expression of a preserved, particular form of excellence at any time. Capacity for change can also be increased by sharing the vision and establishing a healthy concern for the future of the organization (Chattel, 1995:109). He further suggests the following for leveraging the individual:

- Engaging the individual
- Co-enacting the future
- Self-direction
- Creating space for growth
- Organization as a marketplace for ideas
- Creating organizational knowledge warehouses
- Openness to growth
- Leading from behind
- Having a place to make a contribution
- Welcoming multiple possibilities
- Creating cultures of esteem
- Rewarding development
5.8 Capacity to maintain balance

"How much work, how much activity, how much effort is enough?"


There is however a sobering side to all the required creativity, energy commitment, ability and willingness to change. Kanter (1989:267 – 268) notes that the celebrated new breed of corporate entrepreneurs – in hot pursuit of new opportunities, dynamic, fast-moving, and constantly innovating – lead exciting but overextended lives. Modern organizations are also increasing the lure of work. An opportunity-overload mix is thus created in white-collar and blue-collar workplaces. The characteristics that contribute to the creation of more work according to Kanter (1989:275 – 279) is:

- the communication imperative – the requirement for even more communication and interaction
- the number of projects that one person is responsible for
- the expandable activity slate as a result of constant change
- the dramatic increase of people who can initiate
- the exhilaration of living on the edge

There is enough evidence that work-overload affects personal relationships and family life negatively (Kanter, 1989:280 – 291). Workloads can become less burdensome under three conditions (Kanter, 1989:294 – 295):

- when authority is delegated along with responsibility,
- when the number of simultaneous changes is minimized, and
- when simplicity is emphasized over complexity.

The organization that wants to be successful in the long run must ensure that its key entrepreneurs lead a balanced life (Kanter, 1989:297). She advises further that help in achieving balance can come from:

- better personal time management,
- better organizational systems, and
- better institutional support.
Peters (1992:615) also highlights another paradox and a need for a balanced approach to the future. The general quest is to become a first-class, successful organization with a first-class culture, perfect vision and mission, top-quality products, superb relationships with customers and vendors and to constantly improve everything. Then the next season arrives abruptly with its new fashions, new competitors, new economic conditions and the success “groove” that the organization dug itself into becomes a “cruel trap”. Organizations must have the ability to destroy themselves before the competition does.

Kanter (1989:31) termed this the ultimate corporate balancing act.

5.9 Summary

The staffing of the organization by filling individual jobs and the formation of teams are probably the most important exercises management can partake in, following their attempts to build a successful organization. The organization of tomorrow, with the challenges of increased competition and continuous, turbulent change needs entrepreneurial people to ensure that the organization stays ahead of the times and seizes the opportunities that presents themselves.

Commitment to the vision and goals of the organizations is the factor that will differentiate the winners from the losers in the corporate world. But the high level of commitment needed would only materialize if people are motivated. Their motivation will depend on the manner in which they are treated as corporate citizens. People must be involved in the inevitable change processes that organizations are going to embark on and they must experience co-ownership in both a psychological and monetary way. Only when these factors are in place will the people’s capacity to change and their positive contribution towards the organization’s future increase substantially. Organization success could however be very short-lived if management is unable to maintain a balance between the race for mastery and success, and the limited physical capacity of the human being.

Managers’ roles and tasks will have to be scrutinized as well and traditional management functions will also have to be adjusted in content and focus in order to cope with future demands. The next chapter gives an overview of some of the conversions management will have to make to ensure success for themselves, their people and their organizations.
CHAPTER 6
MANAGEMENT FACTORS

6.1 Introduction

"Management is now a process of challenge – one of redefining the status quo, not one of staying as close as possible."

Chattell (1995:143)

To achieve success Manning (1988:145) states that the manager must at once be:

- a producer
- an administrator
- an entrepreneur
- an integrator

Van der Erve (1989:38 – 39) states that the old way of management does not sufficiently mobilize the brainpower and knowledge in the organization. It is a one-way instead of a two-way flow of strategic inputs. He presents the following for new ways in management:

- interaction – concentration on the interaction between people who have to make the continuous flow of new strategies happen
- the “why” issue – providing a rationale for looking ahead by understanding the “why” of planning
- simple process – the new management approach needs to be much simpler and more flexible than the usual planning approach, as the ones developed by so-called experts
- self sufficiency – the new style management encourages self-management in terms of being responsible for the monitoring and feedback of one’s own results

According to Manning (1991:52) the manager of a successful organization must deal with two problems:

- how to focus and coordinate the efforts of people inside the organization, and
- how to adapt his firm to the outside world.
He further mentions four aspects that are international imperatives and which should be managed simultaneously with the foregoing:

- increase the productivity of their organizations
- improve the quality of their products and services
- meet the needs of their people
- meet the demands of society at large

Managers who manage for the future success (Collins & Devanna, 1994:23 - 28) focus, according to them, on the following seven key tasks:

- building a positive work environment
- establishing strategic direction
- allocating and marshalling resources
- upgrading the quality of management
- organizing effort
- creating excellence in operations and execution
- maintaining a broad perspective

Chattell (1995:145 – 163) also provide his view of the future manager's portfolio:

- creating the conditions for organizational learning
- facilitate the organizational learning process
- surfacing and addressing change issues
- sharing information and providing feedback
- involving everybody in strategic planning processes
- managing dynamic agendas (Fig 1.2, p14)

It is the skills of top management in particular that needs attention if success is to be attained. Handscombe and Norman (1989:125 – 126) have identified the following ten issues which will require the full attention from the future chief executive and top management if the full benefits are to be realized for the business:

- focus on corporate issues and not functional change
- participation in creating a realistic strategic vision
- top management/board leadership in developing strategy
- active involvement in strategic review of customer needs
• ensuring effective and strategic use of technology
• leading implementation of strategy
• employ a pro-active approach to flexibility in board structure
• developing and monitoring stakeholder relationships
• involvement in management development
• establishing and monitoring a decision-driven style of management

Kanter (1989:360) mention seven skills and sensibilities that must be cultivated if managers and professionals are to become true business athletes. They must:

• learn to operate without the might of the hierarchy behind them
• know how to compete in a way that enhances rather than undercuts cooperation
• operate with the highest ethical standards
• have a humility that says that there are always new things to learn
• develop a process focus and a respect for the process of implementation
• be multifaceted and ambidextrous
• gain satisfaction from results

The skills needed by the manager of the future according to research by the Institute of Management in the United States (Crainer, 1995:xmi) were found to be:

• strategic thinking
• an orientation towards total quality and consumer satisfaction
• financial management
• facilitating others to contribute
• understanding the role of information and information technology
• verbal communication
• organizational sensitivity
• risk assessment in decision making

Sadler (In Crainer, 1995:292) offers a list of skills that the future senior manager will need:

• awareness of and ability to relate to the economic, social and political environment
• ability to manage in a turbulent environment
• ability to manage within complex organization structures
• capacity to be innovative and to initiate change
• ability to manage and utilize increasingly sophisticated information systems
• ability to manage people with widely differing and changing values and expectations

Although the modern approach to organization design is away from traditional functional lines it is still a systematic way of presenting how modern thinking impacts on the different functions of the organization (Collins & Devanna, 1994:128). The generic or general management functions are discussed separately for the same reason.

6.2 Generic/General management functions

6.2.1 Strategic Management

"The only way to improve your chances of survival and success is to think ahead, to anticipate what is likely to happen tomorrow and next week and next year — and even five or ten years out."

Manning (1991:2)

Ball and Asbury (1989:10) found that the process, formal or informal, who is responsible for it and where you do it, is not so important as that you do it. Strategic planning processes deliver more than just its contents. There is an almost immediate improvement in team spirit and communication. What strategic planning processes in future need though are:

• vision
• a core strategy
• top level commitment
• mental space
• involving the operational levels in planning and implementing
• divorce, but do not separate, the strategic plan from the budgeting exercise
• more formality
• the building of a knowledge base on strategic information
• be clear on competitive advantage
• active implementation through the people
Handscombe and Norman (1989:88) add the following to Ball and Asbury’s list to what they term the mission of the strategy process, which includes the following actions:

- develop the top management team,
- provide a framework of reference and policy guidelines and hence a sense of direction, and
- provide objective criteria to evaluate new opportunities against.

The development of a strategy should be guided by two fundamental principles according to Markides (In Crainer, 1995:127), namely:

- the goal is not to make the company a good company — the goal is to make the company a better company than the competition
- there is no such thing as a sustainable competitive advantage — the only way to stay ahead of the competition is to continuously come up with new ideas through strategic innovation

Change is the central concern and focus of strategic management and the only certainty for future organizations is the fact that their environments, internally and externally, will change at an ever increasing tempo. Strategic management systems provide the best vehicle with which organizations sensitize themselves and continuously adapt to stay ahead of the competition (Collins & Devanna, 1994:305). Manning (1991:77) adds to this by stating that strategy is the process of thinking through what today’s business is and what tomorrow’s business should be, and then getting there.

Hamal and Prahalad (1994:282) states that to extend industry foresight and develop a supporting strategic architecture, organizations need a new perspective on what it means to be strategic. Organizations will have to ask new strategy questions, not just how to maximize profits in today’s business, but questions like:

- Who do we want to be as an organization in ten year’s time?
- How can we reshape this industry to our advantage?
- What new functionalities do we want to create for customers?
- What new core competencies should we be building?
Manning (1991:78) postulates that business strategy flows from two simple questions, namely:

- What game will we play?
- How will we play it?

A new process for strategy-making is needed, one that is more exploratory and less ritualistic. (Hamel & Prahalad, 1994:282). Manning (1991:163) states that the factors which made organizations successful in the past are rapidly losing their importance. The role and purpose of organizations are challenged everywhere – internally and externally, since:

- the structures of organizations are being reshaped,
- leadership is a whole new field of study,
- human resources management is a hot topic,
- corporate culture is under the microscope, and
- there is a new awareness of the need to move beyond strategic planning – towards strategic management

Reese (1994:33) addresses another few important aspects to be considered in future with respect to strategic planning. These include the fact that the responsibility for corporate or strategic planning should not be the responsibility of the top management team, or a special unit or consultants. Instead, employee involvement should typically be obtained through planning committees.

6.2.2 Change Management and navigation

"The shelf-life of success gets shorter and shorter. Competitiveness is the No.1 issue on every developed nation’s agenda. Managing change is the No.1 issue on every manager’s mind."

Manning (1991:33)

To generate strategic change necessitates a process of redefining a corporate culture whose dominant values are more consistent with the new strategic vision (Fombrun, 1994:204). Collins & Devanna (1994:354) use the analogy of river rafting and sketch the manager of the future as the helmsman, navigating the people on the raft down stream to a specific destination.
Flexibility and quickness count as much as vision and patience. Leadership will never go out of style. It is another constant like change. Manning (1991:63) identifies four stages in the process of managing change:

FIG 6.1: FOUR STAGES IN THE PROCESS OF MANAGING CHANGE

SOURCE: Manning (1991:63)

Koopman (1991:126) agrees with Manning that change management is a process not a program because it is an ambient process of flux and new inputs are being discovered just when a state of satisfaction has been reached on solving old or existing problems. He makes the interesting observation that transformations do not occur in steps but involve in their essence, organic and fluid processes.

The capacity and ability to manage the change process successfully and retain value in the end is a daunting task. Kanter (1989:62 – 64) quotes a few threats:

- the costs of confusion
- misinformation
- emotional leakage
- loss of energy
- breakdown of initiative
- weakened faith in leaders
The change process should be navigated over time (Kanter, 1989:84 – 86) by managing the:

- past – give employees the opportunity to emotionally deal with what is going to be left behind
- present – reducing uncertainty by communicating about the change process
- future – offer a positive vision to compensate for the loss of the securities of the past

"It is becoming increasingly difficult to anticipate patterns or configurations of forces in even the near future of the organization, and to develop the adaptive designs and strategies indispensable to steering the organization around or through critical configurations of forces." (De Greene, 1982:1)

This navigation process is extremely difficult (Manning, 1988:49 –50) for three main reasons:

- actions taken in today's known environment are only felt in tomorrow's unknown environment
- managers are prisoners of their perceptions
- what works today will be inappropriate tomorrow

6.2.3 Participative Management and co-ownership

"The corporate officers and staffs of successful large organizations will increasingly see their roles shift from one of telling others what to do to that of creating the rules by which free people in their organizations can perform on their own inspiration."

Pinchot (1985:315)

Individual freedom was fundamental to the Renaissance. Pinchot (1985:317) qualifies this claim by advising through the analogy that having increased the freedom of an aristocracy, attention must now be turned to the creation of the next great step in liberation, the creation of an entreprenuerial “middle class.” (Pinchot, 1985:317). Ball and Ashly (1989:86) draw a distinction between autonomy and participation. Many organizations that allow autonomy are not participative. Participation is about involving employees in playing a meaningful role in decision-making, with the objective of eliciting their energy and support for that decision. The energy
released by participating is astounding even amongst the lowest level of workers in the organization (Ball & Ashbury, 1989:87).

One of the positive offshoots of the many employee participation programs is the weakening of the hierarchy and the reduction of levels of organizations as employees are given more opportunity to influence decisions and exercise control (Kanter, 1989:354).

Participative management and share schemes go hand in hand in transforming organizations (Manning, 1988:172). It does not make much sense to involve the employees in the decision-making process and the future successes of the organization and not allow them to share in it (Drennan, 1992:185).

6.3 Functional Management Areas

6.1.1 Financial Management

"...super-performing companies understand that there is a player out there that determines the worth of their company. They actually get out and engage this player. The player is the shareholder body and the forum is the equity market."

Ball & Ashbury (1989:178)

The broad focus of financial management could be summarized by the four elements making-up the Du Pont formula:

- profit margin,
- asset turnover,
- financial leverage, and
- price/earnings ratio.

The chief financial officer plays a key role in the development of corporate strategy and business plans and evaluates financial performance of the various divisions and units of the organization (Collins & Devanna, 1994:266).

Successful organizations pay relentless attention to running the business smoothly and efficiently. Through effective systems they monitor and manage their financial performance, operations and
competitive positions as major sources of competitive advantage. The winning performers' systems are not complicated or sophisticated, they are simple and they work. Strong financial disciplines are designed not only to energize and concentrate management team efforts but also to generate margins that can be used to expand the business (Clifford & Cavanagh, 1985:96 - 97).

Ball and Ashly (1989:70) also found that the super-performers in South Africa treat budgeting as a religion and support it with rock-hard systems. The budgeting process itself is not so important as the fact that it focus people on the right things and make them consider the consequences. They also found that financial modeling is part of life in all those companies and encourage those who do not do it to develop models to assist the in their strategic decision-making processes (Ball & Ashly, 1989:144). Innovative financial management in future will go far beyond simply procuring outside capital and managing financial assets. Opportunities will have to be seized arising from the globalization of the world markets (Pümpin, 1989:47).

6.1.2 Marketing Management

"An organization will benefit most when every employee relies on the Voice of the Customer to make decisions."

Joiner (1994:64)

Marketing as a management function developed over the last 50 years from a simplistic selling approach, to satisfying the customer through the marketing mix to a point where organizations that want to compete successfully should regard marketing as a process of defining, developing, and delivering value to customers. The new view of marketing is focused on a value-delivery concept based on a precisely defined set of customer needs and wants (Collins & Devanna, 1994:130 – 131). Barwise (In Crainer, 1995:569) notes that we are now witnessing the long-heralded arrival of marketing as a process, a way of running the whole business. Successful marketing involves all functions of the organization.

In examining the top-performing companies in South Africa, Ball and Ashbury (1989:45), found regard marketing as their central pursuit. These organizations:

- are led by what the customer wants
- segment their markets carefully and find promising niches
- segmented the segments and found niches in niches
- know their customers and what they want
- define, serve and dominate their niches well (nichmanship)
- are big on the soft marketing concepts of courtesy, closeness and care

Apart from the traditional, well-known marketing processes and tasks, there are a few new developments emerging from this field that organizations set on achieving success in future should take note of. The first is the creation of a marketing culture in the organization. This implies that every employee becomes a marketing person (Collins & Devanna, 1994:132). The second aspect is that marketing is more than just a corporate culture — it is a strategy which assists the organization positioning its product offering in the marketplace (Collins & Devanna, 1994:133). The most important point with regard to marketing management of the future is the requirement that the organization must adjust and tailor its operations to suit the customer (Collins & Devanna, 1994:137). The aim of tomorrow’s organization is not to dictate but to co-create customer futures with their customers that will fit, embrace and enhance their lifestyles.

An intense and specific customer-knowledge, a sense of timing, sensitivity to the customer and the ability to build rapport are the features of the future customer orientation. The sense that the customer has of being listened to, will in future determine if the organization has customers at all. The successful organization of tomorrow will be the one that has high contact with its customers as this is a vital factor that can bring the organization into motility. The organization that wants to make a difference will be the one that allows its customers to make a difference to the producer-customer relationship (Chattell, 1995:23 — 26). Chattell (1995:27 — 52) qualifies his concept of embracing the customer by the following:

- the starting point needs to be to put the human element back into the concept of customer
- value is accumulated through a designing relationship which involves along with evolving customer lifestyle boundaries
- developing shared understandings that make sense for customers
- a predisposition to change reflected in the ability to catch ever-decreasing windows of opportunity
- learning and exploration is replacing selling and telling
- the ability to address individual customer needs and niche markets
- the ability to enable customers to create unique experiences and lifestyles
- the customer becomes the primary creator of the product or service
- empowering the frontline
- delivering in real-time – the right response at the right time
getting it right by getting it together
seamless integration between organization and customer

Joiner (1994:97) warns that creating a true customer focus takes energy, creativity and perseverance with leadership in this regard shown by top executives. Barwise (In Crainer, 1995:577) highlights six trends in marketing management:

- relationship marketing
- the use of new technology
- customer value and the blurring of product and service
- measurement and accountability
- innovation and learning
- globalization

The most important trend (Barwise in Crainer, 1995:577) will most likely be the continuing increase in the importance of marketing as a philosophy and a way of running the business and a decrease of the importance of marketing as a separate function. The challenge for the marketing people is to come down from their ivory towers and spend more time in direct contact with customers. Barwise (In Crainer, 1995:579) identifies four tasks for future marketing managers that will assist them in their endeavor to contribute to the organization’s success. They must develop a:

- detailed and deep understanding of their current customers and prospects
- shared understanding of today’s competitors
- similar understanding of how the market may change and develop in the future
- strategic marketing perspective on what the organization should do to achieve its objectives

6.3.3 Information technology management

“Successful companies will be differentiated by their ability to visualize the logic of the new business world and leverage IT to create an appropriate organizational arrangement – internal and external – to support the business logic.”

Collins & Devanna (1994:183)
The productivity gains from information technology investments have been disappointing. Research shows no real correlation between information technology investments and sales growth, profit per employee or shareholder value. There is substantiation for skepticism and the questioning of the contribution of information technology towards organization success (Collins & Devanna, 1994:161 - 162).

Collins and Devanna (1994:183) suggests that information technology in future will not be treated as the driving force in gaining a strategic advantage but successful organizations will be differentiated by their ability to visualize the logic of the new business world and leverage information technology to create an appropriate organizational arrangement to support business logic.

Peters (1992:111) qualifies Collins and Devanna views and makes the statement that the computer is the locomotive of the Information Age. The building of “data highways” in future will be one of the biggest policy issues facing the United States and will be vital to international competitiveness. He draws an analogy between yesteryear’s transport networks and future computer networks and predicts that information networks, within organizations and nations as a whole will have the same impact on relative economic health as rail and highway systems did in the 19th and 20th centuries. He continues to observe that information technology is revolutionizing every aspect of product development, marketing, delivery and service and encompasses:

- pure, new info-related products
- the design of new products
- the construction of prototypes
- the invention of new products via powerful computational schemes
- the smartening of everything
- the building of new products
- the re-creation of old industries, for example financial services, which is the obvious place to look for manifestations of 21st century information technology
- new connections equal new companies as the power and competitive advantage lies in the connection per se
- the rise of the solo entrepreneur

Peters (1992:121 – 122) predicts that information systems will have stunning macro-organizational implications:

- the “insiderization” of outsiders and the “informating” of all employees
• the creation of electronic highway systems throughout the organization
• "extended family" project management
• unit size, for example in production plants, becoming smaller
• network organization growing bigger and more powerful
• organizations becoming knowledge-based societies
• it will allow organizations to centralize and decentralize effectively at the same time

A futuristic approach towards information technology and systems within organizations on a micro-level has been developed by Winslow and Bramer (1994:46) and they term it: Integrated Performance Support. The essence of this approach is that:

• today's and future systems must allow workers to transact business not just process transactions
• systems must be designed from the perspective of knowledge worker performance
• with integrated performance support systems workers are workers, not system users
• the orientation is an original one: work and performance

One of the crucial deliverables of future systems must be their ability to convert information into usable facts, into knowledge. Winslow and Bramer (1994:157) define knowledge by saying that it is more that knowing, it is also:

• knowing that you know,
• knowing why you know,
• knowing what to do with what you know, and
• the doing it.

The literature study so far indicated a few common views:

• the future holds more changes
• the changes will be complex
• people will have to adapt to the changes
• learning organizations will have to be established to cope with the changes
• knowledge at all levels in the organization will be needed to achieve this

Winslow and Bramer (1994:264) states that because of the performance orientation of integrated performance support systems, organizations are able to concentrate not only on the strategic levels but also on the level of the individual knowledge worker, where one really makes change
work. The new information technologies are enhancing the future-building capacities of people. By eliminating internal and external boundaries, time and space, information technology can ensure the quality, responsiveness and efficiency that is needed to deliver excellence to the customer (Chattel, 1995:175 – 176). Modern information technology according to Chattell (1995:164 – 179) contributes the following for the organization of tomorrow:

- optimizing customer service activities
- enabling organizations to thrive in fragmenting markets
- contributes towards the design of leaner more effective organizations
- it increasingly brings the organization and its people closer in contact with real events as they occur
- increases the organizations capacity to receive signals of change from the environment
- time-compressing technologies enable organizations to operate in real-time
- provide internal communication networks that can assist with the development of a shared purpose amongst people
- provide the best training opportunities
- creates the space for initiative – informed people are proactive
- amplify the individual to become dramatically more powerful
- drives the individual and organizational learning process
- enable organizations to deploy their decision making abilities and operational capabilities anywhere anytime
- provide the means to ensure simultaneous action between many activities in many markets locally and globally

Drucker (1992:265) believes that information systems should be designed so as to allow upward communication of information that enables those at the top to know what goes on at the bottom.

6.1.3 Integrated Logistics Management

“If a company can provide its customers with products quickly and at low cost, it can gain market share advantages over its competitors.”

Lambert & Stock (1993:12)

Organizations that are to follow a customer-oriented philosophy will have to successfully implement the integrated logistics management concept according to Lambert and Stock.
Each element of an organization's logistic system can affect whether a customer receives the right product:

- at the right place
- in the right condition
- for the right cost
- at the right time

The integrated logistics management system acts as the modern organization's central nervous system (Lambert and Stock, 1993:12) and success in today's business environment requires the management the following activities:

- customer service
- order processing
- distribution communications
- inventory control
- demand forecasting
- traffic and transportation
- warehousing and storage
- plant and warehousing site selection
- material handling
- procurement
- parts and services support
- packaging
- salvage and scrap disposal
- return goods handling (reverse logistics)

Logistics is also the most promising area in which organizations that want to be successful can find opportunities for cost savings. It can also be a source of competitive advantage for an organization just like a good product or pricing strategy. Logistics can be used to create a unique offering to the market that cannot easily be duplicated by the competition. Integrated logistic systems are based on total cost analysis and once all the cost information is available executives can make optimal logistic cost trade-offs which could provide the organization with an even greater competitive advantage. Globalization, a fact for an increasing number of companies, will sharply increase the need for the development of worldwide logistics networks (Lambert and Stock, 1993:25 - 31).
Technology has had an impact on all aspects of business, but the impact on logistics has been significant. Every area of logistics as mentioned before has been touched by the recent innovations and developments in technology, for example electronic data interchange. Organizations can, by adopting and implementing the integrated logistics approach and combining it with a progressive, strategic perspective towards computers, communication and information create an important competitive advantage (Lambert and Stock, 1993:34 - 35).

To reap the most benefits from logistics in the organization, it must be implemented and managed as an integrated system. It should be allowed to address all the critical business interfaces where inventory commonly builds up, inflates cost and causes delays (Lambert and Stock, 1993:40). The relative importance of the logistics area of management may be greatly enhanced but will not be brought about by a narrow functional perspective – it demands a wider systematic and business viewpoint (Macbeth in Crainer, 1995:392).

"Indeed, the future success of a company will be affected by the degree to which logistics becomes integrated into the firm's strategic planning process."
(Lambert and Stock, 1993:25).

6.1.4 Human Resources Management

“This is a very common problem: everybody starts with the same strong market potential, but for above-average success the right human potential must be developed.”

Pümpin (1991:42)

The human resource is the only non-static resource in an organization that reacts when acted upon (Gerber, et al. 1987:3). The attainment of organization objectives and thus organizational success do not happen by itself. The attainment of goals cannot be accomplished without the necessary means of production and it is the human factor that gives all the static means a dynamic character (Gerber, et al. 1987:25). Every activity involves human resources, and thus human resource activities cut across the entire value chain (Pearce & Robinson, 1991:193).

Organizations in the last decade paid mostly lip service to the statement: "people are our most important asset", but are now paying increased attention to the processes that can leverage employee behavior in such a manner that it become an important source of competitive
advantage. These processes focus on selection, performance, appraisal, rewards and development (Collins and Devanna, 1994:184).

The internal human resources potential in many companies are still underutilized. There is still considerable potential here and the future promise is high (Pümpin, 1991:50). Often there are outstanding talents within the organization which never come to the fore because of bureaucracy, frustration and apathy (Pümpin, 1991:50). What people are increasingly working for now is to acquire the capital of their own instead of the organizational capital that comes from learning one system well (Kanter, 1989:324). Ball and Ashbury (1989:7) found in their studies that the super-performing organizations had human resources systems and policies in place that supported their staff with the objectives of learning and performance.

When it comes to their people management practices, Clifford and Cavanagh (1985:112 – 116) found winning companies have high standards with regard to:

- reach for and recruit the best
- emphasize the retention of long-term employees
- recruit externally, but emphasize acculturation
- the Chief Executive Officer as chief personnel officer

The following success-breeding personnel policies were found to be implemented (Drennan, 1992:283 – 285) at the Mars company in the United Kingdom:

- recruitment of above average performers
- remuneration significantly above the average
- all employees are called associates
- company-wide, team-based bonus scheme
- 10% more pay every day if they arrive at work on time
- leave entitlement is the same for all staff
- everybody is on first name terms
- names are displayed on garments and desks
- no special car parking – not even for the Managing Director
- no special dining rooms or toilets
The literature points out certain important future trends and what should be contributed by Human Resource Management to assist organizations in their quest for success:

- Human Resources experts should become coaches and mentors, not problem solvers, and assist managers develop their own personal personnel management skills (Senge, 1990:111). Human Resource Management is becoming a consultancy service to senior and line management (Tyson in Crainer, 1995:266).
- Succession planning is becoming increasingly important to organizations that have embarked on a quest to be successful over the long-term (Beer, et al. 142).
- The integration of the human resource management function with the strategic planning process is essential (Manzini, 1988:270). Human Resource Management is becoming an activity majoring on the business needs or strategic plans of the business (Tyson in Crainer, 1995:266).
- Human Resources Management is becoming a key aspect to the organizations change strategy, playing a process role: enabling and assisting change (Tyson in Crainer, 1995:266).

Other expectations (Collins & Devanna, 1994:198 – 201) that future organizations will have of their human resources experts are:

- the selection of people with people and problem-solving skills to match their technical skill mix
- the development of appraisal systems that embrace short-term results and the values of the organization
- the payment of more attention to rewarding experienced middle management
- the implementation of cost-effective development programs by educating teams devoted to critical projects and making investments in those employees willing to share what they learned with others in the organization
- diversity management that goes beyond race and gender, with a view to successfully incorporating divergent opinions into the decision-making process
- the fostering of stability and more teamwork
- training, which is becoming even more important and training departments must be assisted by line managers with the development of their people
The operations function within an organization bears ultimate response for output and hence, for quality and productivity, as well as for cost and delivery performance. The result has been a heightened awareness of the operations function and its contribution to the effectiveness of the organization and ultimately, for the success of its strategic plans and marketing strategies."

Collins & Devanna (1994:203)

The operations management constitutes the fundamental action of an organization as it is responsible for the provision of goods and services. The severe competition in the global markets is focussing the attention on productivity and quality like never before and the responsibility for these two success factors still lies with the production function within the organization. This has heightened the awareness of the contribution the operations function has to make towards the overall success of the organization and in well-managed organizations this has lead to the development of effective operations functions that become key parts of the competitive arsenal (Collins and Devanna, 1994:203). The organizations with the most foresightful visions in the world are not always the most successful. It must be balanced and matched with a capacity to execute (Hamel & Prahalad, 1994:75).

Joiner (1994:20) holds the view that by focussing on quality and improving the quality of the process by eliminating the causes of complexity, it also improves the quality of the product, productivity, and reduces cycle time. The operations function comprises of five concepts which according to Collins and Devanna (1994:205) describe the key managerial activities of the organization's operations functions and which are also key determinants of organizational success:

- capacity – the ability to yield output
- standards – detailed time estimates
- scheduling – designation of work to be done
- inventory – after plant and equipment, a manufacturing firm's major asset
- control – after-the-fact evaluation and correction if necessary
Kim (in Crainer, 1995:373) found the following nine key tasks as being the latest view of top manufacturing executives:

- customer focus
- absorbing rapid changes in products and processes
- earlier and more significant involvement in product development
- operation of the supply chain, not just production
- member of business team lower cost, higher quality
- establishing a global network, simultaneous roll-out of products around the world
- actively seeking external partners
- exploiter or creator, rather than caretaker

The successful management of a service organization is more difficult than that of a manufacturing operation as the inventory dimension does not exist in a service organization. There is no buffer between production and service delivery (Collins & Devanna, 1994:232). The production process happens together with the consumption process and Irons (1994:107) states the following differences with the manufacturing process:

- the consumer is a participant in the service process,
- a service is less capable of structure and control, and
- the output is transient, leaving only memories or promises.

Seeing the service as process and the discontinuities as the key points, and then selecting those that are most important to the customer, can transform the way the business is conducted and the results in terms of customer satisfaction (Irons, 1994:110). Quality has always been the main responsibility of the operations function although total quality programs meant to institutionalize a quality improvement value in organizations. Only with a primary focus on quality are other programs like cost improvements likely to be effective (Collins & Devanna, 1994:233 – 234).

More important than quality perhaps, and even more so in service organizations, is the concept of service value which emphasizes that the customer is not simply someone at the end of the chain but the real point of the service. The pay-back of excellence requires that customers perceive the organization to be different and better (Irons, 1994:187).
6.2 Summary

The very nature of the organization of tomorrow requires of the manager of tomorrow to possess all the traits of a creator, leader and facilitator. Managers need to manage strategically, involving everybody in the process. This process will inevitably involve change and must be managed as well as navigated in a proper manner. The management style of tomorrow will thus have to be participative and schemes could ensure co-ownership for all employees.

The traditional management functions will also have to be adapted to be effective in future. Financial management should assist the organization's top management seize opportunities arising from the globalization of the world markets and go beyond their normal line of financial management duties. It will be required from financial managers to be more accurate and vigilant in maintaining financial discipline and controls than ever before. The marketing function's days as an elite function is over. The whole organization must be involved in the marketing effort and the customer should dictate every decision. Organizations will have to embrace the new approach to logistics management, as this integrated approach has the potential to deliver huge cost savings and even unique competitive advantages to the organization.

The management of information technology and systems probably poses the biggest challenge to management, as the entire focus of this function will have to be altered in order to secure success for the organization. Information technology is not a means in itself, it must provide business with a tool with which the organization can leverage information technology to provide the necessary performance support systems. The human resources management function must now finally rid itself from its administration-oriented past and start rendering a professional support function to top and line management. The production function must escape from its "factory-mentality" and integrate itself with the rest of the business process.
CHAPTER 7
SUMMARY, FACTORS THAT DETERMINE AND INFLUENCE ORGANIZATIONAL SUCCESS IN THE YEAR 2000 AND BEYOND, CONCLUSIONS AND RECOMMENDATIONS:

7.1 Summary

"The race is on for the mastery of tomorrow."

Manning (1991:184)

The 20th century has come and is almost gone. Change has been exponential in all spheres of life on earth, both positive and negative. Man has explored and exploited every corner of the globe and even reachable destinations in space. Nations settled in independent countries and their economies, although on different levels of performance and wealth, are all running.

The growing world population and the economic activity that needs to be generated to meet the demand has left the individual organization bedazzled. There is an air of desperation in the way that managers cling to new ideas, approaches and techniques but unfortunately managerial life is no longer so straightforward. The search for the secret of management has taken managers and organizations through bewildering loops and has created a whole new vocabulary. And yet, there is no single best way to manage. There is just a rag-bag of shared experiences, short-lived best practices and high expectations (Crainer, 1995:xxvii).

The challenge today is to change and fit the organization to this new world, learn from the experience just to reinvent, reengineer and refit it again to the changes of tomorrow. This reiterative change process must be managed in such a way that the employees of the organization share the vision and assist in an entrepreneurial fashion with the effort. The external forces of change unfortunately do not allow for cosmetic and shallow changes, but calls for a return to the proverbial square one.

The strategic challenge today for organizations lies in returning to the operating roots from which they derive their competitiveness (Fombrun, 1994:229. What is needed is nothing less than radical change in our mental models of management if organizations are to reorient their
effectiveness as institutions and to enhance their ability to attend simultaneously to questions of efficiency, entrepreneurship, equity and ethic, the cornerstones of corporate performance (Fombrun, 1994:230).

Incremental change will not assist in the quest for success in the future. Reinvention is needed. Reinvention is not changing what is, but creating what is not (Lorenz in Crainer, 1995:8). The process of reinvention in a back-to-the-basics fashion confronts top managers with the harshest of facts — the reality that the most intransigent group is their middle management (Lorenz in Crainer, 1995:9). Most people in an organization yearn for the comfortable days when change could be an intermittent process, in which one project could be completed before the other began. In today’s and especially tomorrow’s business climate, all sorts of radical changes need to be initiated in quick succession and run either in parallel or as an integrated whole (Lorenz in Crainer, 1995:10). Whatever organizations’ future structure, they all need their employees’ commitment, and must take steps to re-engage it (Lorenz in Crainer, 1995:12).

7.2 Factors that determine and influence organizational success

Managers and management theorists alike have searched for decades to identify the critical success factors that will guarantee organizations unlimited performance and long-term prosperity. This search only lead to a myriad of alternatives available to organizations and their top management teams who in the process, became more and more skeptical and dependent on their own management approaches, styles and philosophies which left their organizations without a vehicle to face the turbulent times ahead.

Most of the contemporary authors on organization performance and success agree that a holistic approach is called for when determining the drivers of success. The search will require from management that they revisit all the dimensions of the organization and its environments as the changing times have a unique ability to change each and every corner of business life as we know it. Management will have to, through a thorough process, analyze these components and dimensions and determine which factors are important, the nature and impact of the change and how it should be managed to create opportunities.

From the available literature it is evident that the factors that determine and/or influence organizational success are to be found in the following dimensions:

- the external environment,
- the organization itself as a living entity.
7.3 Environmental factors

Predicted changes in the external environments of the organization of tomorrow will create a revolution in and around organizations. The only way in which organizations could create some measure of stability is to sensitize themselves to the extent where every major factor in every major dimension of the environment that could impact on the organization's course and destiny are identified, analyzed and properly addressed in the strategic plan of the organization. The predicted changes in the external environment of tomorrow is of such an extent and nature that organizations will commit commercial suicide if they opt to ignore them or attempt to steer around them. On the other hand, organizations that pro-actively search for opportunities in their changing environments will in all probability create competitive advantages for themselves that will not easily be duplicated by the competition. The potential is such that organizations could reap lasting, long-term successes if they could get to the future first.

The remote environment, known for its relative stability and predictability in the past is now starting to gather an unprecedented momentum of change that will leave numerous organizations, and even countries, for dead on the commercial tracks of the world. The economic environment seems to be sending out a clear signal to the competing countries and companies of the world that says:

"Be aware of the emerging new economic blocs around the world and align yourself to compete with the international trade fraternity, or accept the fact that your company will not be competitive and your country be swamped with foreign products and even worse, foreign takeovers."

Organizations could start off by ridding themselves of non-core business activities and embark on a process of function-privatization, a national project that will leave the sluggish corporates of today lean and competitive, and the economy energized.

The changes in the social environment, especially in South Africa, have not fully been discounted in organizations at all. South Africa has a huge backlog in creating work cultures that emulate the African culture and provide familiar conditions for a growing ethnic diverse worker population. It is only the fact that whites are in the majority in most organizations that this demand from the social environment of the organization is still treated as a non-priority. The reality seems to be that neglect of this issue now could seriously inhibit organizational success in the future.
Governments all over the world, in the strongest and weakest economies, could make or break organizations. Contrary to popular belief, governments' role in the economies of countries are becoming more specific and important. Governments, known mainly for their regulatory role, have been emerging as the ultimate creators of national visions and the architects of future economic successes. Organizations now have a dual responsibility as they monitor government activities. They must lobby government on regulatory or legislation issues to ensure that future commercial activity, such as the freedom of commercial speech, is not affected negatively and they must establish intelligence systems that will inform them timeously of future government initiatives that could be capitalized on as an opportunity.

The technological environment's potential as the ultimate enabling platform towards the attainment of organizational success cannot be described within the constraints of this dissertation. Suffice to state that with very few exceptions every human being, every dimension, every system, every process, every task, every discipline in an organization will be touched, if not improved by future technological innovations. The most unpredictable, but also the most spectacular innovations and developments, will surely come from the merging and synergistic integration of different technologies. The gap between technology used and available technology is widening. So are organizations' ability to keep track of it. Organizations should view technology as such a phenomenal challenge that they should consider, as a general rule, appointing executives on management board level with the exclusive portfolio of technology management.

The green fraternity has reached adulthood. Their revolutionary style of opposing big businesses that were destroying or polluting the globe sensitized organizations and especially governments to such an extent that the absence of an environment strategy in the strategic plan of the organization could mean the difference between organizational failure and success. As is the case with the other remote environments, a sensitivity and pro-active approach will ensure that an organization utilizes this major change in its environment to create opportunities.

Industries are created by need and spawned by technology. Consumer needs are exploding and technology too. Old industries will be transformed and new ones emerge. Organizations must evaluate themselves in terms of their competencies and determine if they will succeed in specific industries. The development needs identified in this manner could place enormous pressures on an organization, thus accentuating the need to be proactive and well-informed.
Organizations can no longer afford to compete on the strengths of just some of their products or just some of their businesses; the whole organization is being drawn into the battle. Close, effective relationships with the organization's customers, creditors and suppliers will ensure high delivery and service levels. It is no longer beneficial to the organization to capture specific markets with specific products. The organization must identify new opportunities, develop the requisite competencies and develop future markets.

7.4 Organizational factors

Organizations are living entities. There will always be a need to design its structure even if it becomes invisible. The organization, with its many dimensions, sub-structures and systems need to be tuned to the required frequency that will ensure the optimum utilization of resources and the attainment of organizational goals. The organization is like a living cell, it cannot behave in a fashion that is foreign to the environment around it. Its internal mechanisms and interfaces with the external world must be designed such a way that it creates harmony but also an ability to adapt quickly and effectively to any incremental or dramatic changes.

There is no ideal structure. The strategic plan of the organization will dictate the structure. There is however a need to become even leaner and more responsive in future. Future structures will also have to allow intrapreneurs to keep the organization at the forefront of new developments and creativity. This is achieved by placing individuals in charge of their own jobs, allowing and assisting them to create individual visions for themselves. Research has shown that this results in increased learning and motivation. Individuals however cannot be allowed to freewheel in the organization, and therefore jobs and teams must be aligned to the higher order objectives of the organization.

The organization as a whole will have to focus itself towards the future and accept its role as shaper of the future. Being dynamic and complex does not contribute to becoming successful, though. Organizations must learn to focus on the basic elements of the core business that will ensure success and follow-through in a relentless and undistracted manner. This approach will also shape the required change-seeking culture in the organization - being market driven, future-oriented, entrepreneural, people-oriented and adaptive. Organizations cannot afford to go into the future ignoring their corporate cultures. It must be managed strategically to ensure compliance with the changing environments and its contribution towards organizational success.
7.5 People factors

Organizations have for decades now pronounced that their people are their most valuable and most valued asset. Few organizations have institutionalized this principle. The problem seems to be the fact that organizations did just that – they viewed their people as assets alone. People are treated as soft machines that could be replaced if the person specification and the job specification get slightly out of kilter. It is doubtful however if, with the current tempo of change, that there will ever arrive a time where there is an over-supply of skilled workers. The people of tomorrow’s organization will be the sole sources of the innovation and the fast, adaptive responses that will ensure organization success. People drive everything.

The principle of the right person, at the right time, in the right job is now more important than ever. Individual candidates must not only fit into their future job but also into the team and organization culture. Success cannot be built on weaknesses, only on strengths and organizations will have to ensure optimum fit and maximum development of each individual throughout his/her career.

Every person must become a business person, a marketing person, an entrepreneur. Allowing people the freedom to, with the cloud and resources of the organization behind them, to apply their entrepreneurial spirit will foster a new breed of intrapreneurs within the organization. A human force like this could provide the organization with an unbeatable competitive edge.

Commitment is the key to outperforming the competition. Finding new business ideas is one thing, being committed to drive the project to fruition however, needs commitment. Good intentions are not enough. Commitment is born in a motivated mind. Research has now conclusively proven that the true motivating factors are to be found in the way we utilize, respect, treat and reward individuals. People’s capacity to change must be enhanced and they must be made part of the solution-finding process, otherwise they will just resist all change efforts.

This requires leadership, not charisma or leadership qualities. People will follow a leader that provides them with a vision, who sets goals for them, who earns their trust and cares about them. At the end of it all it is important to again realize that people are just human. They are not replaceable, they can only be succeeded by someone else. Leaders will find that they can take their people only so far and no further.

Balance, and managing for it, will become the ultimate management act.
7.6 Management factors

Apart from the normal functional areas of management that will still be with organizations for some time to come, the future will require managers to focus on additional tasks and responsibilities that go hand-in-hand with the changing environment. Managers of tomorrow will have to mobilize the brainpower and knowledge of their organizations in a much more sufficient way. This must be done whilst dealing with the ever present problem of adapting the organization to the environment. Productivity and efficient utilization of resources are also high up on the agenda. The most important skills required from management in future however will be the ability to manage change strategically and to rally the people behind them.

Strategic management is not a fading management technique or fad. It still is, and will for a very long time be, the only way in which management could make sense of their future in a structured way. It is the only vehicle that provides a holistic, integrated framework to management in order to prioritize and plan the organization’s activities and opportunities of the future. Strategic management in future however will be conducted through the involvement of the people of the entire organization.

The management of change and the navigation of the organization through the proverbial stormy waters of the future will be a key management responsibility. The secret of change management is to involve the people. This requires a participative management style underpinned by co-ownership schemes like share-schemes. People will just not commit to change and be motivated to attain set goals, if they feel that they are not a real part of the picture.

The different functional management areas are all influenced by the challenges of the turbulent future. Financial managers will have to ensure that highly effective financial systems are in place and that financial reporting adds value to the strategic endeavors of the organization. Marketing managers must live with their customers and turn the organization into a marketing entity.

Information technology management is at the cross-roads. Promises of huge productivity gains did not materialize. Information technology is not an alternative to re-engineering but is the ultimate business platform for the future. Organizations that will be successful in future will be known for their ability to visualize the logic of the new business world and the way in which they leverage information technology to provide the necessary performance support systems. Information systems will also support the learning organization concept, providing knowledge and not just information.
The most underrated management function now is integrated logistics management, but it will soon prove to be the most critical of them all. Not only does it represent the area in which the most potential for cost saving could be found, it also provide the organization with a vehicle that could create an unbeatable competitive edge. Speed will be the number one requirement in future and the organization that can save its customers’ time will find that they can compete with producers of even superior products.

The most neglected management function in practice must surely be the human resource management function. Human resource management practitioners will have to do two things if they want to play any significant role in future. First they must give back the people management responsibilities to line management that ought to be with line management. Secondly they must position themselves as internal human resource management consultants, coaches and mentors to provide a professional service to top and middle management, especially with regard to change management. They should ensure that the strategic human resource plan is fully integrated with the organizations strategic plan. If people are the most valuable resource needed to be successful, the human resources management functions must be the most important support function in the organization.

The future will also force the integration of the production function with the rest of the management functions. Production or manufacturing has become part of a chain of events in the process of adding value to the product and production managers must be involved in every stage of the business process. The production function is still the custodian of quality in the organization and must ensure that the rest of the organization comply to the quality standards set.

7.7 Conclusions

Three core processes lie at the heart of the new management approach that is needed to ensure success for any future organization:

- the **entrepreneurial process** that drives the opportunity seeking, externally focussed ability of the organization to create new business;
- the **integration process** allows it to link and leverage its dispersed resources and competencies to build a successful company;
- the **renewal process** drives its capacity to challenge its own believes and practices and to continuously revitalize itself so as to develop an enduring institution.
In each of the four dimensions of the company namely, its external environment, the organization itself, its people and its management, lies the factors that will determine and influence organizational success. The identification of these factors is a comprehensive process but not a difficult or complex one. It will actually assist the organization to return to the basic aspects of professional management. It will assist the organization in developing a strategic mindset and facilitate and underwrite the strategic planning process. It will focus all the organization members on the aspects that really matter, the factors that will ensure long-term success.

The factors that could ensure success, or contribute to it, could present themselves as any of the following:

- trends or developments that organizations must be aware of
- changes that persist and which will influence the organizations future
- new ideas, approaches or techniques that has been tried, tested and that add substantial value
- activities that organizations should cease to do
- activities that organizations should do better or cease to neglect
- subtle changes in focus or attitude regarding certain issues
- opportunities in existing facets of management

“In a very real sense, all organizations are now vehicles of discovery.”

Chattell, 1995:142)

7.8 Recommendations

To ensure themselves of the best possible opportunity to become successful, organizations will have to consider:

- stretching their vision horizons to at least twenty years, despite the fact that the rate of change is high and increasing daily – organizations must enable themselves to visualize the big picture
- giving attention to and test the universal set of organizational success factors as identified by contemporary management experts worldwide but realize that a unique
set of success factors exists for every individual organization and that it must be identified as well.

- the fact that organizational success factors present themselves over the broadest possible spectrum and organizations must approach the identification process in a most holistic fashion leaving no stone unturned in the search for success

- that they will only be successful in identifying the success factors if they become ultra-sensitive towards their external and internal environments as some of the trends are very subtle but inherently dynamic and powerful opportunities or threats

- identifying completely with all its customer's needs since the very existence of the organization begins and ends with what its customers want

- becoming people-oriented in the real sense of the word to be able to capitalize on the dynamic of drivers of success such as knowledge, capacity, attitude, commitment and motivation which will secure success for the organization

"The middle of an earthquake is not the best time to start re-doing the foundations, but we have no choice. It's either a major rethink about the new types of work and property, and all their implications, or waking up in the morning to a scene of desolation."

Handy (1996:201)
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