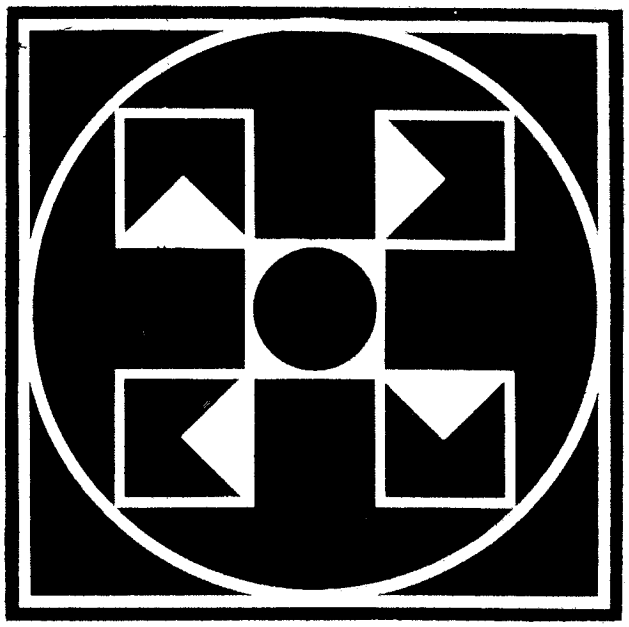


IMAGE

AN ACTION RESEARCH JOURNAL
ON
PERSONAL AND ORGANISATIONAL TRANSFORMATION

THE INSTITUTE OF CULTURAL AFFAIRS and LENS INTERNATIONAL

IMAGE

AN ACTION RESEARCH JOURNAL ON PERSONAL AND ORGANISATIONAL TRANSFORMATION

The Action Research Journal is written to communicate designs, formats and ideas of transformational processes which promote the human factor in private and public sectors. It is published by the Corporate Services Division of The Institute of Cultural Affairs: India for distribution through the Asia Network of ICA and LENS International organisations. These include ICA: India (Bombay, Panvel and Pune), LENS Services Pvt. Ltd. (New Delhi), LENS International Malaysia Sdn. Bhd., ICA: Australia, ICA: Philippines, ICA: Taiwan, ICA Associates (Hong Kong) and LENS International Japan.

The Action Research Journal draws on a variety of sources including other ICA world-wide offices and affiliated professional consulting organisations to provide a spectrum of practical tools and constructs that facilitate individual and organisational transformation. We welcome comments and articles from our readers.

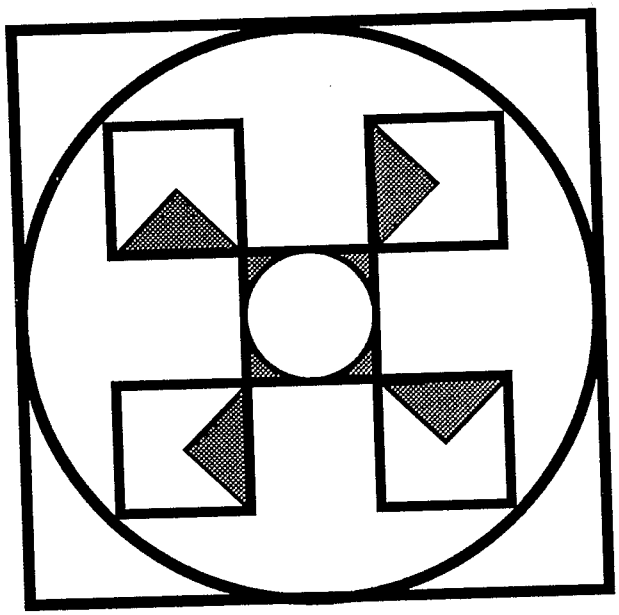
ISSUE THIRTEEN JANUARY 1992

"STRATEGIC THINKING"

TABLE OF CONTENTS

2	**Journal Overview**	An introduction to this issue
4	**The Five Modes of Strategic Thinking**	A model for comprehensive thinking and designing strategy, by Cyprian D'Souza
8	**Learning Organisation Strategies**	A learning organisation is developed through a set of six interactive disciplines that empowers it
10	**The Vahana Concept**	Strategy is a vehicle that can provide energy for an organisation if it can kindle the spirit of the vision
12	**The Breakthrough Strategy**	"Zest" in an organisation is harnessed through short-term projects. Sections are from the book of the same name by Robert Schaffer
16	**Win/Win Language**	Strategy uses language to create winning images. Richard West suggests a new look at our language
18	**Setting the Strategy**	An excerpt from the book, Moments of Truth, by Jan Carlzon, on customer oriented strategy
22	**Book Review: 20/20 Vision**	A book about strategic thinking for the 21st Century, by Stan Davis and Bill Davidson, reviewed by Gordon Harper

JOURNAL OVERVIEW



The cover symbol this issue is an illustration from the article "Strategic Thinking" and depicts the five modes of strategic thinking.

Strategic thinking is the art of being able to orchestrate a series of actions in a coherent manner in order to achieve a desired goal. Because it is an art and not a science, it is not something that can be codified or easily mastered. There are, however, some general understandings that are critical for anyone who is involved in planning and execution to master.

In the 70's and early 80's there was a major emphasis in business to institutionalise "strategy". Much of this was catalised by the oil crisis of the early 70's that caught so many companies unprepared. Departments of Strategic Planning developed within business organisations structures. It was their job to develop the long range plans for the business. Often working in isolation from the day-to-day operations, these departments would analyse trends, business opportunities and threats, financial implications and make elaborate plans for the future of the particular business. At this time many techniques were developed such as, scenario writing of alternate futures and "rolling five year plans". Thus the general understanding of "Strategic Thinking" has been seen as a long range plan for the business.

But this definition has proved to be too narrow and, in many cases, of dubious value. This attempt to "write the future" has proved an elusive goal. Times are just too chaotic to get much of a readout of the near future, let alone the long term. One only has to look at the useless strategic plans that have to be redone, almost on a weekly basis in the current world political arena to see this chaos in action. Business, probably more than any other non-political area, is faced today with a future that is not only complex and uncertain, but almost unimaginable in its implications for virtually every market.

Does that mean that we abandon long range planning? Not at all. We still must think ourselves through about our desired future. What it does mean is that "strategic thinking" has to move to the operational level. It must be combined with "tactical thinking" in such a way that our strategy is a "living reality", not a static plan. Those responsible for caring for customers' needs and the spotting of new opportunities are the same ones who must translate this into operational strategy.

Strategic thinking is not only needed in the market and new product or services area. It is required whenever one wants to improve a performance anywhere within an organisation's operation, be that in production, quality systems, personnel or communication and information systems. All of these need the skill of people who can "think themselves through" in developing and executing a plan of action.

The fundamental shift in thinking is related to the apparent contradiction that organisational structure and "plans" are solid, fixed and often restraining components. Strategy, on the other hand demands flexibility, fluidity, "ad-hocism" and a sense of life in order to serve its purpose. Most organisations are ill-equipped to mix these two ideas. But the essence of effective strategic thinking is just that, putting the strategy before the structure, allowing the structure to serve the strategy, not the other way around.

A "Game Plan" is just that, it's a plan that shifts as the game progresses. The players (structured positions) are used as needed by the situation. This gives a feel to the organisation that is radically different than one in which one comes every day and does the necessary actions to "keep things going as usual" that typifies most organisations. Many have experienced the power that comes from strategic thinking in crisis situations where everyone mobilises for action and "formal" structures take a back seat. But few see how this can be the "normal" state of affairs. This issue is about developing that type of thinking for an organisation. Indeed, it is this thinking that most explains the true transformation that companies can experience.

This Issue of Image

There have been many books on strategy and strategic thinking that are good background reading for developing insight into this way of operating. Particularly we would recommend The Strategy of the Dolphin by Lynch and Kordis, The Mind of the

Strategist, by Dr. Kenneth Ouichi and Future Perfect, by Dr. Stanley Davis. In addition, a recent video by Tom Peters called "Go Fast or Go Broke" gives four excellent examples of companies that have shifted to this type of thinking and how they cut through traditional time wasting and delaying bureaucracies and procedures to give them incredibly responsive companies. What we have included in this issue is a selection of writings based on our own research and experience as facilitating organisations two excerpts of books that illustrate how strategic thinking operates at the "execution" level and one book review.

Our lead article is **The Five Modes of Strategic Thinking,** authored by Cyprian D'Souza, of Lens Services Pvt. Ltd., of New Delhi and a long-time ICA staff member. This article is an overview of strategic patterns and gives several helpful screens to view any strategy.

To master the "art" of strategic thinking it is necessary to have a sense of how the disciplines of a Learning Organisation operate in a synergistic manner. Peter Senge's book, The Fifth Discipline, describes five patterns of thinking and acting that need to work in unified ways for a learning organisation. We have taken his initial work and put it into a diagram that expands the disciplines to six, and shows how they support each other and provide for a new way to understand the "strategy" of the disciplines. We call this article **Learning Organisation Strategies,** written by Jack Gilles of ICA, Bombay.

Strategic thinking starts with goals. Not goals in isolation, but ones that are intimately linked to "vision". We covered the subject of Vision in Image #9. Our third article is on the relationship between the "current reality" and "shared vision" that is the heart of strategic thinking. These two pillars act as a single entity when they are connected through a goal, or "vehicle" that links them. **The Vahana Concept,** is a description of this process. Vahana is a Hindi word that is used in Hinduism to describe the relationship of a "god" to his carrier, or "vehicle", which is an animal. The god's power is dependent on this animal that carries the potency to be cultivated. Likewise, the Vahana is the rider or vehicle that "freights" the vision into the present time.

The fourth article is from the book, **The Breakthrough Strategy,** *Using Short-term Success to Build the High Performance Organisation* by Robert Schaffer. It takes the concept developed in the Vahana Concept article and shows how any organisation can transform into a high performing one by using a simple, but effective form of strategic thinking. Based on the concept of "zest factors", Schaffer shows how these can be used to raise performance levels to new heights and sustain them there.

Today, many of the business books are using military language and metaphors to communicate strategic thinking. "Guerilla Marketing", and "Attila the Hun" are two recent examples. The fifth article, by Richard West, ICA, Taiwan, **Win/Win Language,** calls us to pay attention to the language of strategy in a time when win/lose metaphors traditionally associated with business are less helpful in today's new business consciousness.

The sixth article completes this series on strategic thinking by illustrating the longer range motivating strategy in operation. It is an edited chapter from the book Moments of Truth, by Jan Carlzon. His chapter **Setting the Strategy,** shows how a "vision" must be translated and communicated in an overall strategy that guides and directs the thinking of an entire organisation from top to bottom.

The final article is a **Book Review-20/20 , by Dr. Stan Davis and Bill Davidson.** done by Gordon Harper of the ICA's Taiwan office. Gordon shares with us his impressions and recommends this book for those concerned with building strategies for their organisations for the 21st Century.

We hope you will enjoy this issue of the Image Journal and we welcome comments and articles from our readers.

Jack Gilles
Editor

This is the Way for those who want to learn strategy:

1. *Do not think dishonestly.*
2. *The Way is in training.*
3. *Become acquainted with every art.*
4. *Know the way of all professions.*
5. *Distinguish between gain and loss in worldly matters.*
6. *Develop intuitive judgement and understanding for everything.*
7. *Perceive those things which cannot be seen.*
8. *Pay attention even to trifles.*
9. *Do nothing which is of no use.*

It is important to start by setting these broad principles in your heart, and train in the Way of strategy.

Miyamoto Musashi
A BOOK OF FIVE RINGS

FIVE MODES OF STRATEGIC THINKING

When I use the word strategy I use it in the context of saying the direction, or the way of getting things done. Later on I'll use it in some other ways and other connotations. Strategic thinking is not actually how you build a strategy, rather how you think strategically. It is a thinking process. Once you have done your thinking, you have to figure out what is the method to implement it. It does not tell you how to implement it; that is another step.

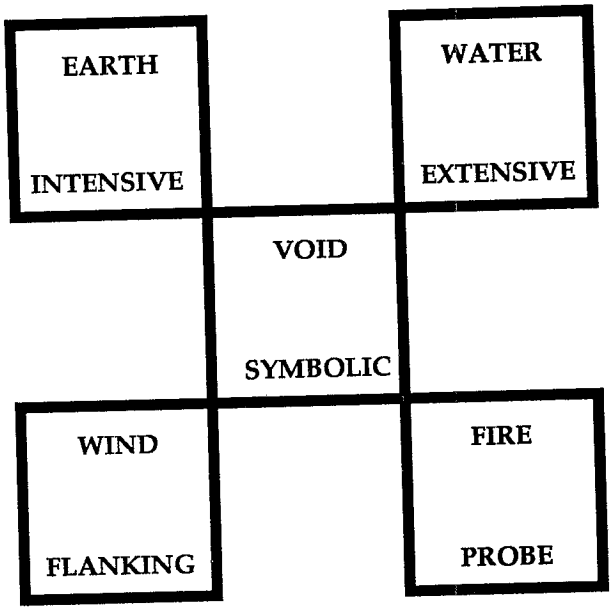
Every good project or operation has a central strategy to it, or what I call the paramount strategy. When India was under the rule of the British, back in 1757 people like Jhansi Rani decided they had had enough of it. They decided to fight back. This was one of the earliest revolts and it really did not work. Then a hundred years later came the Sepoy Mutiny which really happened more from the inside plotting of the sepoys. That didn't succeed either. Later on, one man came and said, "We have been fighting the British on the wrong plane. We need to fight the British on a plane where they cannot fight back." That man was Gandhi. His central strategy for attaining self-rule was fighting the British on a plane where they were powerless. That's it. The rest is, as they say, history. That was the central strategy. I'm going to use Gandhi quite a lot in this little dialogue because I believe Gandhi was one of the most brilliant strategists that recent history has produced. He was very, very smart and subtle and effective.

The keys to a central strategy, an effective strategy, are the following three things:
One, knowing self and knowing the other.
The second is knowing your current reality and knowing your vision. It is being the vision, not just knowing it.
Third, it is grounded in the deep culture; it is not alien to your deep culture.

The Five Elements of Strategic Thinking

I would like to use the five basic elements of the universe to talk about a way to get hold of this universe of strategic thinking. The first one is knowing the **earth**. What does earth signify? Knowing the earth is knowing the topography, the mountains, rivers, hiding places, the bushes, tall trees, dangerous animals, your friends, knowing everything. It is also knowing the objective reality - what actually is going on. For Gandhi, that meant coming back from South Africa and being in India. If you've read his books or seen the movie, Gandhi attended parties, all the big vice-regal parties. He went to the villages. He was in the courts, the meetings; he was everywhere. It was important for him to know what was on the ground, objectively. Not just reading about it, or getting reports about it, but knowing what was on the ground. It also has to do with interpreting what is going on. I use the image of the earth as the first element of strategic thinking.

The second element of knowing the universe of strategy is the **wind**. Wind carries things along with it. Wind has to do with knowing what carries people, what are the patterns and traditions that are deep in the culture that carry people. What is the history of this part of the world, or this nation, or this department or company that is carrying people forward. How do people do things here. How do they relate, talk to each other, how they honor or reward is what I mean by knowing the patterns or how things are done. That is the tradition, the deep-rooted traditions, and that has to do with the wind or what carries people.



The third element of strategic thinking is **fire**. Have you heard the expression, "fire in the belly"? You put some fire into what you are saying, put some life into that piece of work. This is fire, or what ignites people. What makes people in a very difficult situation endure? How is it that people can go on and not break down? You look at the people of South Africa and you imagine the amount of pressure, of humiliation they have experienced. However, there are always groups of people in that society that have continued and not broken down. Now, what makes them endure? It is knowing and being sensitive to that dimension of society and the human race. In a company situation, if you are talking about competition, it is knowing how the other one fights or what keeps your competitor going. If it is your own people, it is knowing the passion of your people. It is knowing what brings the best out of your department. There are times when you assign a particular job to a particular department and it really happens, and other times when it doesn't happen. It is being able to know what can be done with what department or what

person and what ignites his/their passion.

The fourth is **water.** For water I like to use it in the context of the spirit. Water flows and sometimes it trickles. Spirit can flow or it can trickle. Water can be blocked and contained and so can the spirit. It is the ability to know how the spirit can flow out of a society, or an individual or a department or company as well as how the spirit is blocked and how to unblock it. If you've lived in places where there is a lot of rain like I did, you may have played during the monsoon time in the little streams where you would block the flow of water. After spending a couple of days building earthen dams, the best part was once it was filled up, letting it burst. One of us used to go and kick it and see the whole thing flow down. Some of us used to stay downstream just to see the gush of the water coming down. That's the image for me, the ability to break loose the spirit when it is contained and to know where it is contained in a department. It is also the ability to knowing where the dis-ease is, where people suffer. To be able to identify the sickness in the company, or where the spirit is suffering in people is also a part of this.

It is also the ability to identify, and Gandhi did this so brilliantly, the "soft underbelly". I think this expression comes from crocodiles, the soft underbelly or the place where they are most vulnerable. Gandhi was able to identify in the massive strength of the colonial power, where they were vulnerable. The ability to do that has to do with the water.

The fifth one is the **void** which I've placed in the center of my drawing. It is the ability and sensitivity to hear **silence**, to use a famous Zen saying. This is to know when nothing is going on. We do so many things in our companies, so many schemes, trainings, etc. and we do not know what happens when people leave the boundaries of our companies. It is the ability to know and intuit what goes on out there when we don't see them, or hear them or have any control over them. Gandhi had to design and perceive strategies while he was sitting in jail, when he had no idea of what was going on out there. He had the ability to intuit - to perceive and to hear when you have no access to it, and when you think nothing is going on. It is the ability to perceive the spirit of an empty room, or the spirit of a, so-called, "dead" group of people.

It is also paying attention to nature's way. Gandhi said there was going to be a day when the spirit and the will of people would win because that is the nature of spirit. It is being able to perceive of nature's ways and watching, being sensitive to the way nature works. Finally, that is where the great insights come from, from nature, how life works. How an organism functions and being attuned to that is this ability. And that is the void - because we don't see it. A plant doesn't tell you the way it is growing.

The Five Modes of Strategy

These are the five elements and you can see how Gandhi was constantly in tune with these five elements. You see what his universe is and how it is shifting constantly. Now, once you are able to grasp what your universe is, what is going on, and once you are able to formulate your central strategy - to fight the British on a plane where they cannot fight back, how do you think strategically so you can go farther with it and implement it? I would like to use again five images, or modes of strategy.

What is harmony and balance? It is really stability, or being grounded, and it is also flexibility. When you have both of those you have harmony and balance. The five that I am going to talk about are how you come up with a balanced, harmonious set of strategies. The five modes, ways, perspectives of coming at it give you a way to think about a balanced strategy.

The first one is called **Intensive.** Intensive strategy has to do with a breakthrough. When you are concerned about having a breakthrough you need an intensive strategy. For instance, there is a department that has been consistently having problems and you want to change that situation, you want a breakthrough in that department. That becomes an intensive strategy for your company. It also has to do with a demonstration. You want to demonstrate that, for instance, something is possible for this group of people to do so that others can follow. That is also an intensive strategy. It is where you want to focus, so in an intensive strategy you usually use your best forces and resources. You might put more time into it, or you might expend a lot of money on it because that is your major winning or losing thrust. You are depending on that thing happening.

For Gandhi, his intensive strategy was the Ashrams. If you wanted to see what Gandhi was about, his philosophy and strategy, you would visit an Ashram. You saw the whole picture there. If you lived in the Ashram, you would see that it was a demonstration of what a village and its families could be. He said that if that strategy wins, then the freedom movement would not be a difficult thing. He bet everything he had on that strategy.

Companies often use intensive strategy in turnaround situations. It is also used when launching a new product and placing it well in the market. When we get new people in our companies, orientation becomes an intensive strategy in respect to their development. Within a short period of time you get that person exposed to everything the company is about and everything that person needs to know.

The second mode is **extensive.** The word itself explains the strategy. The basic intent is coverage.

This could be coverage in term of geography (sales) or people (all employees) or attitudes (survey) or wherever you need to be as comprehensive as possible. It has also to do with participation and involvement. For Gandhi, this had to do with the creation of various movements. You could be anybody - a farmer, doctor, businessman. There was a place for you in the freedom movement. To be a part of the Congress Party cost you only a symbolic amount. He had the Swadeshi Movement. He also went to village after village across the country where he, himself, did coverage.

Extensive strategies within companies often involve such things as notice boards, communication systems and networks. Often a company will develop a network of dealers and they become the extensive dynamic of their company's coverage. Marketing people are more and more using television to reach the masses rather than the print media. In the classic soap battle between Nirma and Hindustan Lever, Nirma won because it had a better extensive strategy. Now, Lever is forced to think about extensive, low end markets. Nirma is being forced to go the other way, more intensive components to their marketing strategy. They are now introducing higher priced luxury soaps. You can use either strategy to get your foothold, but you must use a multi-faceted strategy to maintain your position.

The third mode is **probe**. The probing strategy has to do with exploring. You do not use your best resources or risk everything on a probe strategy. However, a probing strategy has the potential of becoming your next intensive strategy. You are exploring for possibility, and if you find it, you may suddenly put a major effort there for your next breakthrough. Test marketing of a new product is an example of this strategy.

An example with Gandhi was that he kept up his dialogue with the British. He never at any point cut off discussions with the British. He was always probing, exploring what new possible breakthroughs might happen in order to avoid the dangers in confrontation strategies.

In union management negotiations there is a constant probing strategy going on. Offers and counter offers are put forth to see how the other side will react. In business development, you can often see the probe strategy in the failure rates. A good company will have a lot of small failures which preceded any breakthrough.

The fourth one is **flanking**. Flanking has to do with protection and support. When you are so focused intensively, extensively and probing you always need some protection. There is always someone coming to attack you, if you are talking in business terms of competition. This is guarding your rear or your sides and the long-range. This strategy takes many forms: forming alliances, training your people so that you have protection for times in which you may not be prepared. You provide a buffer in your organisation, a bit of flexibility.

Most of the language and imagery in thinking strategically comes from warfare, because it is where tactical thinking, maneuvers, etc. went on. There are a lot of flanking maneuvers that take place when you are out there fighting the battle, and you are protecting yourself from the sides where the enemy might come in. In the day-to-day business environment, things like training, paying attention to logistics, are flanking strategies. Also paying attention to the press, the media, because it is a protection and a support strategy. Government or political support are also considerations in business and industry to find ways to build flanking strategies. More and more you have environmental strategies which some companies do out of real will, but some do it as a measure of protection.

The best flanking strategies are indirect. They are best done if someone else can do them for you, rather than yourself, so you don't have to use your forces. Let the media fight the battle while you go producing refrigerators and fans. Let the local MP fight your battle. It is very difficult to do but if you succeed, that is the best flanking strategy, as long as they are in the same context as you are.

Gandhi used the media very effectively to protect himself. He had friends all over the world who protected him economically and otherwise. Gandhi was never poor, although he maintained a simple lifestyle. The riches of Birla were at his disposal. He found ways to protect himself very indirectly.

The last mode of strategy is **symbolic**. The intent here is creating depth and unity in your strategies. Another intent is to give meaning and significance to what goes on. You won't do this strategy everyday. This is an expensive strategy which you use only your most valuable resources for very carefully. When someone in your company does something out of the ordinary, that person gets a letter from the chairman, congratulating him about it. You don't get the chairman to write letters to everyone. You use it carefully.

Award systems in companies, rewarding people, celebrating a birthday - these are all symbolic strategies which bring in meaning and a lot of depth to what you are trying to do. Gandhi used the most essential parts of Indian life which are highly symbolic to fight the battle - salt, food and clothing. The Salt March, fasting and spinning were highly symbolic acts. If you take them out of the context in what is going on and look at them by themselves, there is nothing much to it. Going to an ocean and picking

up salt is nothing. Spinning cloth and yarn has little to it, or fasting one or two days is nothing compared to rolling in tanks and guns. However, they were very much part of the symbols and essentials of life in India, and therefore Gandhi used them. Those were symbolic strategies.

There is no set pattern to the timing and use of these strategies. You may start with any one of them. But it requires you to know your universe, the other, or competition, your deep culture and yourself. You can then go through any window. In thinking strategically, you think of them all. You may not implement them immediately, but you have a plan.

Building Winning Strategies

You don't build a strategy by starting with the categories of extensive, intensive, etc. You build your strategy and then use these categories as a screen to check on its comprehensiveness and balance. When you are building a strategy to do a product or to turn around a department, you wouldn't look for the symbolic strategy or the flanking strategy. You don't think that way. However, if you think over the whole life of the department or of the department in the context of the whole organisation, then you begin to think of all dimensions of the strategy to a degree that there is harmony and balance. The different modes represent thinking processes.

What are the characteristics of a winning strategy? One, a winning strategy is very **simple**, i.e., fight the British on a plane where they cannot fight back. How simple can you get. The reason why it is simple is that it takes all the complexity and chaos of your current situation and says it can be done. You can see how it can be done. For instance, Gandhi chose the battlefield of non-violence. The British couldn't fight back. Gandhi chose the plane where the British didn't have the tools or interior resources to fight back. On the moral plane, you saw the flanking strategy as pressure from other countries and the press for them to leave India.

Second, a winning strategy **reconciles**. It unites the current reality and the vision. It takes the might of the British (current reality) and self-rule (vision) and reconciles it.

Third, it **energises**. When you have a winning strategy it provides a spark. So, Gandhi did not need a marketing department to hype-up his strategy, it had energy already built into it because it was connected to the current reality and the vision of every person in India.

Fourth, it is **grounded** in the culture. For any strategy to win it has to be part of the deep culture. Quality Circles have a lot of good "starting" stories, but not too many winning stories. To succeed they must be built in and through the existing culture.

If these are the four characteristics how do you win with a strategy? First is through **communication**. It is important to communicate a strategy in a simple way. It needs vivid images, pictures or metaphors so that it makes sense. Mao said "let a thousand flowers bloom" to communicate his extensive strategy.

The second is the **story** and most of us fail here. This is the ability to tell the story in such a way that it a) puts each person at the centre of the strategy, and b) all the work is seen as part of the strategy. Again in Gandhi's strategy, as long as you were acting through non-violence you were at the centre of the strategy. You didn't have to go live in an ashram, you could create the movement in your own village. Everyone who refused to buy British clothes was "doing" the strategy. It became the living story.

The Four 'T's of Strategy

The **timing** of launching a strategy should not be underestimated. It is your control factor to decide when you launch it, how fast you go and when you withdraw. To be able to assess your competitor's readiness is a very important skill. Here the key is being attuned to the spirit. This usually means that there is an element of surprise in it. This skill is a vital component to "eastern" thinking where timing allows the least amount of effort to give the greatest results.

The second "T" is **terrain**, the battlefield and its physical realities. It is important to perceive dangers in advance. Just as in the military you need to know the ground you will be fighting on, so in the market-place you need to know the territory. Feedback from a sales force as to the uniqueness of that market will enable a tailored response to the situation.

The third is **troops**. This is the ability to decide when to deploy forces, what size, and especially how to utilise people in a variety of configurations. "Wars are fought with ordinary forces, wars are won with special forces", is a quote from Sun Tsu, the ancient Chinese strategy expert. It is how you use people in multiple capacities that will enable a strategy to be successful. Having flexibility, short term task forces, and extra help when needed are all key.

The fourth is **tools**. These are the methods, techniques and processes one uses in a campaign. It is determining what should be used by whom, what methods to deal with a problem, etc. It is what ISO 9000 is all about-systems and processes and the tools we need.

Basically, what we have with strategic thinking, simply put is how to create harmony and balance between your current reality and your vision. Winning strategy always connects the two.

LEARNING ORGANISATION STRATEGIES

In his book, The Fifth Discipline, *The Art and Practice of a Learning Organisation,* Peter Senge presents five disciplines that he says must be viewed as an integrated set of conditions necessary for a Learning Organisation. They must work together, like a set of interlocking parts to produce the environment and results of a Learning Organisation. However he does not show just how these interact in a dynamic way. I want to present a model for how one can use these disciplines in a strategic design to build a system for an organisation. I also want to make the case for there actually being six disciplines, linked together in three sets of two.

Senge describes the five disciplines as :

1. **Systems Thinking,** the ability to see all activity as a cyclical, mutually related process with feedback components that often have a delayed effect in either accelerating (reinforcing) or retarding a system. These are understood as dynamic complexity, rather than detail (lots of factors) complexity. This is, for him, the central discipline and is foundational for all the other four disciplines.

2. **Personal Mastery,** the need for people to operate with a strong sense of personal purpose and vision.

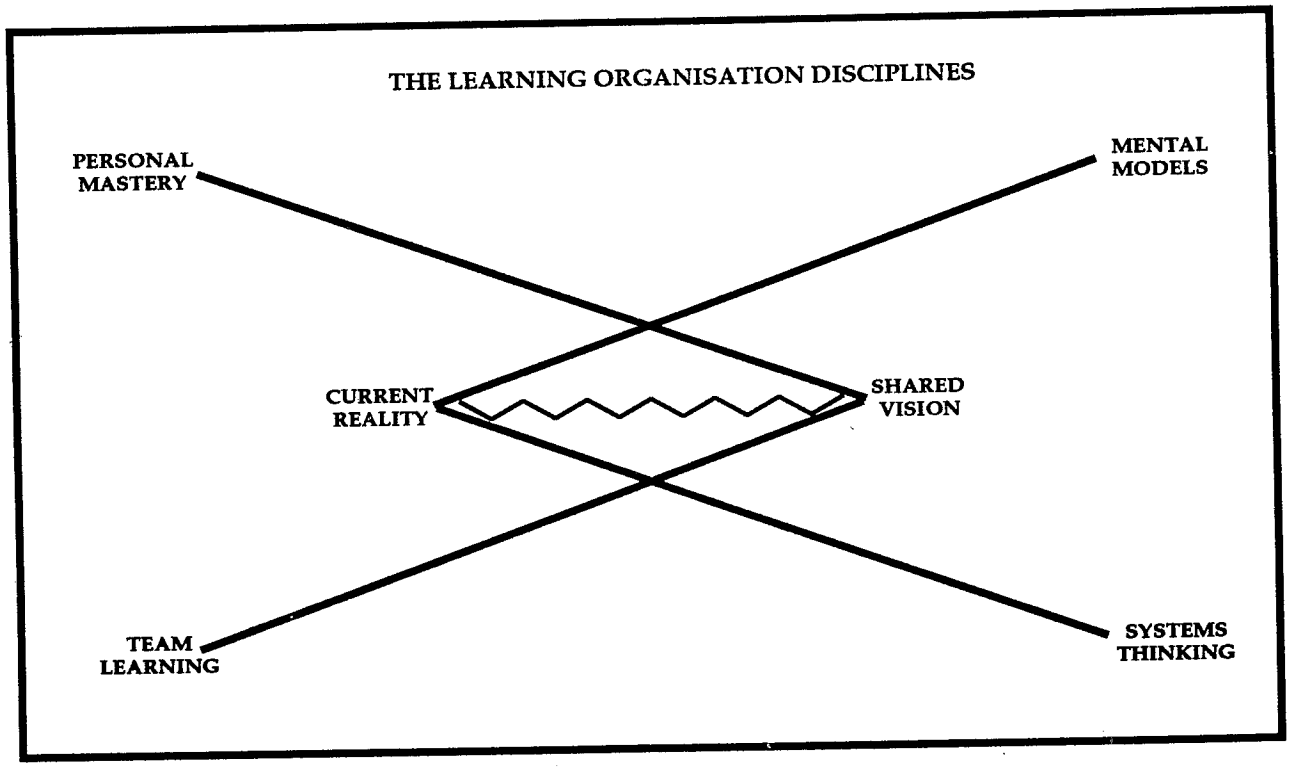
3. **Mental Models,** the pictures, or frames of reference that shape how we view our situations and structures. The key to Mental Models is to understand that for the most part these are unconscious assumptions and therefore are difficult to change. They are the operating paradigms we live out of.

4. **Team Learning,** the ability for those involved in group work to suspend judgment and enter into what he calls "dialogue", the open ended, divergent interchange that allows a creative process to operate without the closure of minds from positions that have to be defended or debated.

5. **Shared Vision,** the presence of a powerfully shared picture of a desired common future for the organisation. It enables each person to define their role in the organisation as enabling that vision to become a reality.

Thinking strategically about these disciplines means not only seeing how each one is necessary for the final model of a Learning Organisation, but also seeing how they support and interact with each other. The following diagram is a strategic design of these five disciplines, along with a sixth, **Current Reality,** that illustrates how they relate to one another.

This tool can be used to evaluate the presence or absence of a given capacity and can give an indication as to where and how one could further develop the organisation. I will lay out the foundational relationships of the model; however, it contains many other insights and working with it will enable you to think strategically and discover other factors in understanding your organisation.



Personal Mastery, Team Learning and Shared Vision

The first set of relationships is the interaction of Personal Mastery and Team Learning with Shared Vision. Imagine the connecting lines as conduits of energy or creativity that flow freely between each of the three disciplines. Since a discipline is a capacity, these centers are the active generation of energy for the organisation. They are synergistic, giving and receiving feedback for the other two. A personal sense of purpose is enhanced and shaped by a collective task. A person who is engaged in a personal growth process disrelated from the collective task is less likely to make a contribution that makes a difference.

Likewise, a team is powerful when they are operating with a common purpose, when they are aligned toward a common goal. Differences that arise from "personal" dislikes are far less likely to disrupt a team that can reference its relationship to the shared vision. Rising above and transcending the differences happens in a team that is aligned.

From the shared vision perspective, the ability of individuals and teams to contribute their perspectives to the vision gives the vision a "human face". That is, it moves it beyond a stated goal, and allows it to be the task that gives those involved a personal satisfaction. It is not so much a composite of the individual and team visions as an ennobling task that honors the individual and gives him an opportunity to have his work be compatible with his life purpose.

This basic set of relationships allows one to ask all sorts of strategic questions about one's organisation. "Do we have a mechanism to assess each person's vision and purpose, and does our organisation's vision reflect and complement it?" "Is this true for the entire organisation, or is it limited to those few who by the nature of their work, interact with the goals of the vision more frequently?" "Do the teams and departments of our organisation have a high degree of alignment and, what are we doing to allow the overall vision of the organisation to set the operating context for our group efforts?" "Is our vision static, a series of expanding goals, or is it constantly polished and enhanced by all our individuals and groups?"

Mental Models, Systems Thinking and Current Reality

On the other side of the model is the interacting Mental Models, Systems Thinking and Current Reality. Mental Models are a key aspect in defining the Current Reality. If we see our current situation only in the light of a "past" orientation, or if our paradigm is inadequate to the real world of today, our picture of our situation will be distorted and unhelpful. We will see our situation as a "problem", not a possibility. It is the function of the Mental Models discipline to constantly inform us of what our real situation is. When we have a comprehensive picture we see the potential of our situation. It also applies to models that give us new insights to our situation. This "bug model" (looks like a water bug) is a mental model that lets us understand our situation in a dynamic sense and gives us new language to talk about it.

The role of Systems Thinking in our Current Reality is to allow us to see the leverage points for change. Mental Models give us the sense of potential, and Systems Thinking shows us where and how to activate that potential.

The discipline of Current Reality is not an easy one. It is the ability to face your real situation with open eyes and, most difficult of all, a joyous heart. We waste so much energy when we treat our lives as what "should have been" or "ought to be". The discipline of not only accepting your situation as the only one you have, but treating it as still filled with meaning is not easy. Yet when we do, our Mental Models and our Systems Thinking operate in the open mind necessary for their effectiveness. Again, there is a mutual flow of energy between them making our Current Reality a powerful position filled with potential energy.

Continuing the analogy of an interactive energy system, as these four external disciplines relate to the two internal ones, they produce a "charged" environment. Acting as two "poles" of a battery, the Current Reality and Shared Vision now represent an active energy interface that can produce a flow of current between them. The activating spark is the strategy that will unite the current reality and the shared vision. This flow of energy is what results in a charged or electrifying work environment. When it is not functioning you get a "dead" or uninspiring environment. Both poles must be activated. That is why it is important to see the strategic interaction of these disciplines in understanding your organisation. Maintaining and building the charge is a continuous process. There is theoretically no limit to the level of "electrifying" environment possible for an organisation. This model allows us to see the role of "change agents" as those who monitor and balance the energy flow of the organisation through the activating and channeling of the six disciplines. They also build the unifying strategy. The article following this one will take this concept one step further and show how to strategically manage the energy flow between the two poles.

THE VAHANA CONCEPT - Jack Gilles

What is the difference between a goal and a vision? Goals are steps toward a vision. But often goals unrelated to the vision are not powerful, there is nothing in them which is an unrealised potential. There isn't something which is urging to be let loose. When JFK made the statement, "we are going to put a man on the moon and bring him back in this decade," he tapped into something unspoken but felt within the American nation. America's greatest had somehow been questioned, we didn't know where we were going, or our soul was in danger....when he stated that goal it was not putting a man on the moon, it was rekindling the American spirit that took place through that goal, which was really a vision. Now, when NASA tries to say that we're going to put a man on Mars, or build a space station, and all the other dreams, there is no electricity. There's no spark. It's simply dealing with vision as a goal. Goals are not visions, but visions are goals. That's why a company can never have as its vision being a 500 crore company, because there is nothing relative to current reality that it is releasing at all. It is simply a statement of a position that is not linked to a deep spiritual question. You see, vision is always a part of the question of spirit. Goals are functional, necessary, but without vision, goals are dead.

The open space on this diagram I want to call the void, and the discipline is the connecting process between the current reality and the vision. The Learning Organisation is the vehicle that carries the process along. When we are talking about spirit we are talking about energy, normal energy patterns. If you can imagine what we talked about when a spark happens, then what we're talking about in the void is a conducting environment. If, in one sense, there was a wire or a conducting capacity here, then this center thing must be filled with a gas in such a way that the light takes place. Otherwise you just get a spark and you get a burn-out. That's what the discipline is all about is creating the gas or creating the environment for this to take place. Otherwise you get the inspired Managing Director who is "on fire" and the light is on! Everyone else - the light is on but nobody's home!

I used to be in research chemistry and watch these bright, young guys show up at the laboratory, fresh out of graduate school and eager to tackle the problems. Within five years the light would go out of their eyes. There was no spark left. There was intellectual spark and a lot of curiosity when they were doing something. But the spark about actually being part of something greater had died. It had been killed by the fact that the environment, the culture, the discipline was one that if you didn't keep your own vision clear, the existing culture polluted it. There was no spark in the organisation and no vision, because there was no recognition of what that took. This is part of the transformation process. We have got to be about this discipline, about creating this gas, or environment, in which this happens.

Remember, every human being must take responsibility for his own life - and there is a collective one also. We are part of societies, organisations, but we must take responsibility for our own lives. In other words, you must follow your own heart and your own vision. But when you find other people who share that vision, then resonance begins to take place. The hearts beat in synchronisation, the vision begins to be shared, maybe from a different perspective and a different rhythm, but the tune is the same tune. In a company, when the vision is something that everybody sees is also their personal vision (personal mastery) and my collective (team learning) vision then these resonate together and the spark can happen.

The connection of current reality and vision operates at multiple levels. There are three levels, and I want to use the analogy of lighting. There is background lighting, normal lighting and high intensity lighting. Each one of these must be connected and go through this void in order to do the job. Background lighting is the **purpose** of the organisation. This is the reason we are in business. It's not related to any specific product or any particular time, it really is the inspiring vision of why we are in business at all. It is the initial drive for the invention of the organisation, its founding purpose. What happens in most organisations is that this background lighting is very good, initially, and especially for those who founded it, because it is still a part of their being. But what if someone comes into the organisation who wasn't part of the initial wiring. Or what happens when the organisation matures? The response is weak, or maybe someone never told the new people about the initial vision for the organisation.

There is a discipline here, keeping this background lighting cared for. It has to do with how you inspire and talk to employees about the intent of the company, what its direction is, why we are around. This has to go on often enough so that when people become frustrated, this background lighting is there so they don't get lost. One of the things we don't know how to do well is this background lighting.

Kennedy was speaking to level two lighting, or that which re-ignited a vision which had to do with the original vision of the greatness of America. The founding fathers did not think about putting a man on the moon, but they did talk about going across the continent, manifest destiny, or a place where freedom could take place. America was the land of opportunity and challenge. Again, this can be

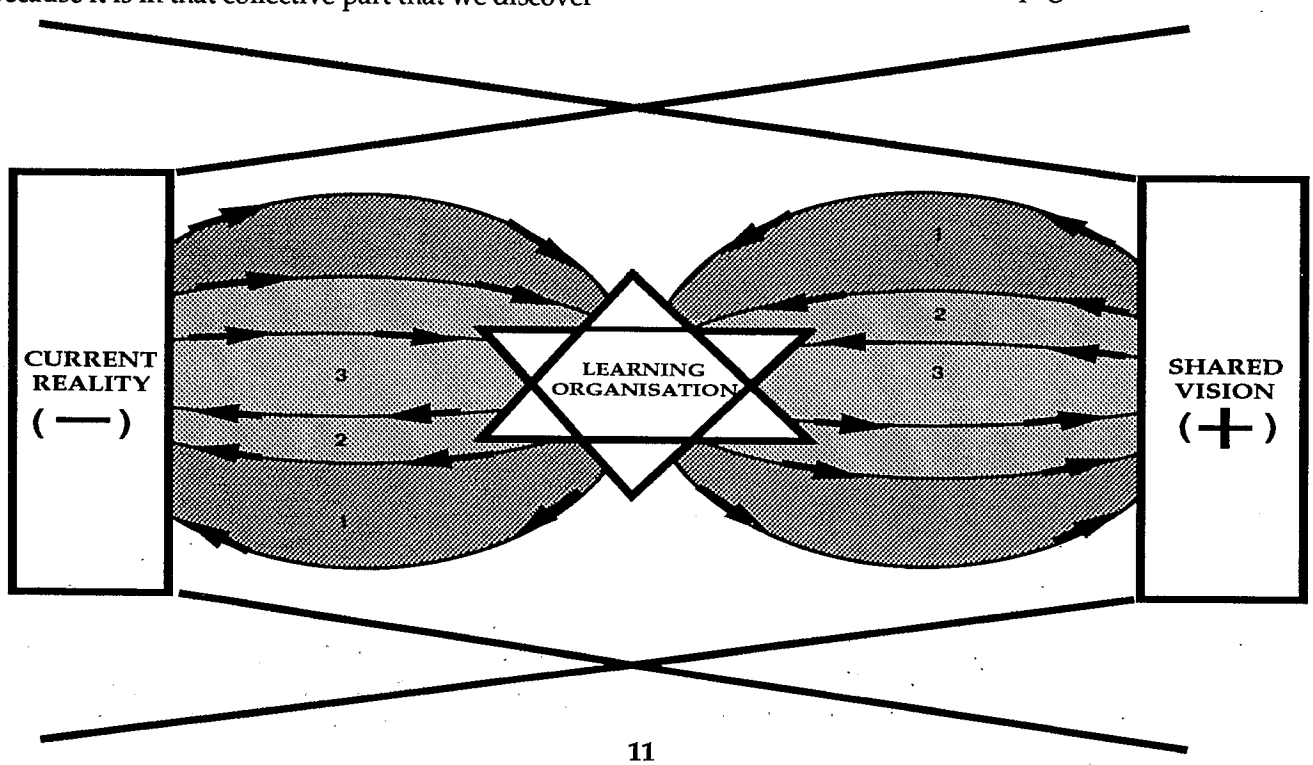
distorted, and there is a dark side to this when you reduce it down to patriotism for its own sake. You are not just standing over in the vision, waving the flag, but you are deeply connected with the current situation.

In a company it might be the sales/marketing people asking themselves what does the world really need and what can we deliver. That's why this is so critical. This process of the vision works like a figure-eight, going through the learning organisation, going back interpreting the current reality and then coming back through the organisation. This process of energy flow reveals that you are constantly going from the future to the past and pulling it through, or reinterpreting it for the organisation.

Most of us haven't even explored renewing the original vision. There are many hard questions that have to do with the values of what we believe in and stand for. It is not the particular product we're making now, but the everlasting things. It is the vision that takes a long time to develop.
This background light has been so dim, or we assume that it is really not all that important that we don't pay attention to it. We just expect that the background lighting is always going to be there. Then when people pick up and go to another company because they receive a better offer, we say we have to increase our salaries and make things more attractive here. The reality is that the background lighting is so bad that nobody wants to work in that environment. That's why if you are looking for a vision, then you don't have one. Part of this is discovering what turns you on about your job; because it is in that collective part that we discover our vision. We've got to start with what you want for this company, what you believe in. What is our shared vision, values and purpose? This is the job of the Managing Director, but it is also the job of the change agent. If you are very clear that this is absent, then you have to begin this cleaning. We're firing this filament called the Learning Organisation.

Middle level lighting has the same process, but its timeframe is more mid-term. It's something that takes a couple of years maybe to get done. Kennedy's "sending a man to the moon and bringing him back" is an example. For a company it could be introducing a standard motor for all of our fans. It is the new product or new market penetration. I call it the "project". There may be multiple components of this in larger organisations. It's what we are currently about. Maybe it is the certification of ISA 9001 which took a couple of years but the whole company was focused on that activity. I want to call these "projects" **vahanas** (vehicles) because they freight the god. They freight the spirit, carry it along, so they are the "vahanas" of our organisations. Whether you are riding a bull, a peacock or what have you, it has got to be cared for or they will disappear. So, it is the disciplining and caring for our vahanas. Most of those tend to be goals. They have to have the same kind of inspiration and connectedness that the long term vision/goal has. It needs to be obvious that this project is a perfect example of what our purpose it. It's a natural part of who we are, not launching into something which has nothing to do with the core business. It needs to

(Continued on page 15)



THE BREAKTHROUGH STRATEGY

Business emergencies, crises, and natural disasters suddenly liberate organisations from the restraint of the institutionalised barriers to performance improvement. These events evoke powerful and dramatic responses that cannot be matched by any structured programs. Consider these experiences.

When adulterated Tylenol capsules caused the deaths of seven people in September 1982, Johnson & Johnson organised a crash program to protect the public as well as to salvage its successful product. One of the most critical tasks was to design a sealed package. Within about seven weeks, a team of engineers and designers had developed and tested a triple-sealed package, redesigned production processes and equipment, developed new package graphics, and moved into full-scale production. Completing this series of complex tasks under normal circumstances would have taken well over a year.

On February 27, 1975, a five-alarm fire completely gutted the Second Avenue switching station of the New York Telephone Company, an eleven-story building filled with complex equipment. Telephone service to the southern end of Manhattan, including the whole financial district and the police and fire departments, was cut off. Within hours, work teams had rolled in mobile equipment trailers and connected them to provide emergency service. Within days, most of the service was restored. In less than three weeks, telephone service was back to normal. It was called the "miracle on Second Avenue."

Too Good to be Real?

Every time I ask a group of managers about their own crisis-provoked "miracles," there is no end to the stories they recount. Virtually every manager has seen it happen. But when the crisis passes, they almost always overlook the profound significance of what the crisis revealed.

They see their people rise to great heights of performance - and then accept it when those same people sink back to "normal." They even seem threatened when it is suggested that their unit can sustain the higher performance. No, they respond, our unit can't possibly do that - except by burning out our people, or by focusing on one task at the expense of others, or by keeping the organisation stirred up in perpetual crises. And with these rationalisations, managers turn away from what is potentially one of the most valuable learning opportunities in their experience.

If we consider that the heightened performance we see in emergencies and crises usually occurs almost spontaneously, without the benefit of extensive management planning, we can only imagine the possibilities for greater performance if the galvanising forces of the crises were to be combined with purposeful management action. It is clear that what managers regard as "normal" levels of operation are generally only a fraction of what the organisation is really capable of achieving.

Of course, I won't recommend that companies run in crisis mode, burn out their people with sixteen-hour days, do one thing well and drop the rest. But if we examine these events, we'll see graphically what it is that allows organisations to break through their built-in barriers and perform at high levels. These lessons can be applied in an orderly way to the ongoing management of the organisation.

I have asked thousands of managers to identify what they believe to be the critical forces eliciting extraordinary performance in such crises. No matter where in the Western world, no matter what kind of managers, and no matter what their level of sophistication, they cite essentially the same list of reasons for these spurts in performance.

The Zest Factors

Why do crises stimulate radically higher performance?

- Sense of urgency
- A challenge
- Success near and clear
- People collaborate - a new "esprit"
- Pride of achievement
- Fear of failure
- Exciting, novel, like a game
- People experiment and ignore "red tape"

Go For Results - Now!

The Breakthrough strategy employs a startlingly simple logic that absolutely reverses the typical view of corporate cause and effect. Stop focusing all your attention on infusing your organisation with the right programs, preparations, and technology, in the hope that someday these magic ingredients will make your company a ferocious competitor. Instead, go for a better result at once, now, immediately - exploiting the zest factors to make it happen.

The breakthrough strategy reveals that no matter how busy people look, no matter how desperate the apparent need for more resources or for better information or for more cooperation from others, no matter how weak the systems or how untrained the people, you can achieve better results right now with what you already have.

By "results," I mean a measurable success. Reduce inventory by 10 percent (rather than introduce a new inventory system); improve yields by 20 percent (rather than study causes of quality defects); reduce the time it takes to get an important new product to market (rather than redesign a new

product development process).

The breakthrough strategy attempts to recreate the zest factors - which release so much force and energy in reaching important short-term goals - and to use them as the wedge to break through institutionalised barriers. Immediate successes are essential if people are to increase their confidence and expand their vision of what is possible.

Design Each Project For Certain Success

In any organisation, at any moment in time, given any shortcomings of people, systems, relationships, methods, or equipment, there is always something that can be done right away to improve performance. By focusing on and achieving a specific result, managers can take the first step toward improved competitive performance. This first step is the "breakthrough project" - an organised effort to exploit the zest factors in the achievement of a tangible short-term goal so that managers can experience a reinforcing and confidence-building success.

What is a Breakthrough Project?

A Planned Project that uses the Zest Factors to achieve a tangible, bottom-line result in a short period of time - and that is carried out in ways that generate the new management confidence and new management skills essential for further progress.

Zest Factor Guidelines

1. Begin with an *urgent and compelling* goal. The focus should be on improvements that everybody will clearly and instantly recognise as vital, and necessary *now*, and that are therefore capable of arousing some zest.
2. It is important that people be able to anticipate a first success in a matter of weeks, not months or years. So a *short-term, first-step* sub-goal should be extracted from the large, complex, urgent goal.
3. The sub-goal should be discrete and focused on a *measurable, bottom-line* result. "Improving inventory turnover" or "reducing inventory," by some measurable amount, are examples of such goals; the more general, "improving inventory procedures," is not a good sub-goal.
4. To assure and engage everyone's commitment, the project should exploit what people are *ready, willing and able* to do - that is, it should not be based on the hope of convincing them of what they ought to do.
5. The goal should be achievable with *available resources and authority* - so that those who are carrying out the project can commit themselves, without hedged bets and escape clauses, or producing success.

Pick a Winner

The breakthrough strategy advises managers to bypass all of the preparations and excuses and to get going directly, at once, toward a short-term result, a success. The aim is to permit managers and their people to enjoy the same soul-satisfying, empowering zestful experience that they typically enjoy only in those rare moments of crises when everyone pitches in to achieve an urgent result. The breakthrough project is a liberating experience because it can provide, in an orderly and controlled fashion, a breakthrough to a new level of achievement and a new way of working.

Use Each Success to Develop Performance Capablity

It is a great experience for managers who haven't tasted much success to participate in a successful breakthrough project. One success, however - no matter how gratifying it may be - is of little lasting value unless it is the beginning of something that continues.

Many managers report: "When we're in a jam, we can really get things done here. People go like there's no tomorrow. But once the job gets done, they fall back. You can't keep it going." That's precisely the challenge that managers want answers to. It is only by infusing each short-term success with developmental elements that the capacity for sustained progress is created. It is the combination of *success* and *development* that makes the breakthrough strategy so powerful. The key to making every breakthrough project a vehicle for strengthening the organisation basic performance is to build into each project a more sophisticated application of the following six precepts.

1. Individual Accountability is Real Accountability

In modern organisations, almost every significant change or improvement requires input from people located in different parts of the organisation. It is easy for mangers in charge of projects to rationalise that they are doing everything that needs to be done, within the the limitations of their job. Then when a project fails, each of the participating managers can assert that his or her part was well done. From these individual assessments, it is just a short step to the business whose top managers were all rated "above normal" or "outstanding", but which was losing money.

When a breakthrough goal is selected, I always ask the senior manager, "Who is going to be accountable for the results?" I am usually given the names of a number of people. When I ask for the designation of *one* person, I am told it is impossible to name one because several groups have important roles.

The shift to individual accountability seems so simple in concept, and yet it profoundly affects the way managers view their tasks. Individual employees continue to be responsible for their own work,

much as they had been before; but when there is a problem to be dealt with on a particular product, there is no doubt about who to call. Only one person is responsible. An accountable manager can no longer "explain" why a project did not meet its goals. Success or failure simply cannot be ascribed to others.

2. Demand Better Results-and Get Them

The most weakly developed skill of managers is the capacity to ask for better performance in ways that win commitment and achieve results. Because the breakthrough project is so well defined, so short-term, and focused, it permits managers to observe with unusual clarity the demand/response patterns between themselves and their people. And because it is loaded for success, the breakthrough project offers a low-risk vehicle for testing how to strengthen that interaction.

No matter how modest an improvement the breakthrough project goal may be, it can serve as a hammer to break the mold of weak or ambiguous demand-making. It gives the manager who initiates the process experience in being really clear with a subordinate about what must be achieved and in making sure that the subordinate understands that commitment. This clarity and the unambiguous nature of the commitment are as significant as any other dimension of the breakthrough project.

The most weakly developed skill of managers is the capacity to ask for better performance in ways that win commitment and achieve results.

3. Written Work Planning to Discipline Management Work

As demand-making becomes sharper and accountability more clear-cut, work planning disciplines provide additional guarantees that the breakthrough goals will be achieved. The two critical elements in the work planning disciplines are (1) written project assignments that define those goals to be achieved, and (2) written work plans that outline how the goals will be achieved.

Project Assignments

The project assignment is generally in the form of a memorandum from senior management to the manager (or managers) who will be accomplishing the goal. The project assignment describes the goal and explains how the goal fits into the overall strategic thrust of the organisation.

Work Plans

A work plan is an action blueprint describing how the breakthrough goal , which was defined in the project assignments, will actually be accomplished. It usually includes the following elements:

1. A statement of the goal, together with any necessary background information.
2. A list of the specific tasks to be accomplished or steps to be carried out.
3. Who is to be responsible for each task or step.
4. The timetable, including start and completion dates for each task or step.
5. Measures and/or indices of progress (some times called milestones) that will serve as clear evidence of the accomplishment of each task.
6. A specific description of the method for reviewing progress periodically.

4. Structured Involvement of Those With Contributions to Make

When describing zestful situations, people almost always mention that when results must be achieved, the organisation's traditional operational and hierarchical boundary lines evaporate. People group themselves as necessary to get the job done. A breakthrough project stimulates this same process.

Too many employees involvement efforts are hothouse activities in which employees are brought together in a sanitized atmosphere and management, somewhat like indulgent parents, encourages them to say their piece. Involvement in a breakthrough project - like collaboration in a crises - takes place in an environment in which the urgent goal to be achieved is the focal point. People are brought together because they have meaningful contributions to make-based on their knowledge, not their status-not because it is nice to have "employee involvement".

It can be threatening to some mangers when people move freely across functions or skip levels and go directly to those with the information, and when more attention is paid to what people contribute than to their levels or titles. After all, many of the hierarchical protocols in organisations have been established as much to make managers feel secure as to get work accomplished. The breakthrough project can begin to dissolve these rigid constraints. The project manager should be encouraged to draw in as active participants all who have a role to play, without regard to boundaries or structure.

The incremental nature of the breakthrough projects permits managers to experiment, one safe step at a time, with new modes of successfully bringing together people who can achieve the results - without being overly threatened about the erosion of their authority.

When bringing different levels and groups together to work on joint projects, it is important to spell out clearly the roles and responsibilities of each. Companies devote much time and attention to their formal organisation charts and job descriptions. Yet so much of the really important work gets done in groups that come together temporarily, with no clear job definitions in their working relationships. The breakthrough project offers the opportunity to introduce the use of temporary formal organisation charts and job descriptions define the work arrangements of the project. They assure consensus and clarity about who will be held responsible for accomplishing the overall goal and its subparts; the nature of relationships between all involved; and their individual roles and functions. Even if these temporary structures last only a few months, during their brief existence they provide guidance for the most important innovations and initiatives of the enterprise.

5. Low-Risk Testing of Innovative Approaches

Breakthrough projects, because they are self-contained and low-risk, provide a protected environment for the testing of innovations. Moreover, the short-term focus of the projects makes it possible to get fast feedback on whether the innovations are accomplishing what they are supposed to.

6. Reinforcements and Rewards

Most jobs give people dismally few opportunities to be heroines or heros, to feel like winners and be seen as winners. Their work lives are a dreary routine of repetitive tasks as they move from one project to the next, one chore to the next, one monthly report to the next. In contrast, one short-term breakthrough project following another gives people many more opportunities to feel like winners.

In citing zest factors, managers always point up that emergency situations really motivate people to show that they can do it, that they can rise to the challenge and succeed. There is a sense of drama. Anyone who watches a championship game can't help but notice how much the spirit of the winning team differs from that of the losing team. Success is exhilarating, defeat frustrating. Yet executives, who as spectators may witness such scenes repeatedly, usually fail to apply this lesson to the people working for them.

To enhance the momentum generated by success in breakthrough projects, deliberate steps should be taken to make heros of the participants. The design of breakthrough projects, with clear-cut beginnings and ends, work plans, measurements, and reviews, makes it easy to provide frequent, positive feedback.

The use of wall charts or published charts is but one way to reinforce the success experiences of a project. Other managers take groups out to dinner. Seeing the project manager late at night delivering pizzas and soft drinks to the workers on the Motorola pager project was an unforgettable moment for them. Company periodicals can effectively recognise the "winners" and spread breakthrough strategy concepts.

Success as the Launching Pad

Thus we see how breakthrough strategy begins to shift the organisation's basic performance capability. It allows managers to break through in two ways. The first is a breakthrough to a new level of achievement. The second, is a breakthrough in management methodology for accomplishing results. the breakthrough project serves as a vehicle for introducing new patterns of work, essential management practices, and new sophistication in organising for accomplishment.

The reinforcement of success, and the repeated use of new methods in achieving that success create a powerful learning experience. By these means, the first one or two breakthrough projects can become the foundation upon which to build an accelerating and expanding process of improvement.

(The Vahana Concept - continued from page 11)

"feed" off of the purpose of the organisation. In new areas you have to ask yourself how this fits into our background lighting or purpose.

This second level lighting, vahana, must have the same power process that the first one does. It has to be grounded in a particular issue of the current reality and be responding powerfully to it. If the world market requires ISO 9001 current reality then that's a powerful vision because we are going to be part of the world market economy. But you can't superimpose that.

There is a third level - the high intensity. This is a fire in the belly that burns so bright that it can't last too long. We call this the **maneuver** vahana. It is that crash programme, the one that everyone mobilises behind. It is all about getting out the order this month, or getting this machine finished this month "over my dead body". It is that kind of excitement and electricity. Everything we stand for is in this activity. This really is a microcosm of the company. It is high intensity and everybody is charged. Therefore the time frame of a maneuver cannot be more than 3-4 months, perhaps a year if you get a really big project going.

These three are part of the development of the transformational question of strategy. The discipline required is part of the preparation for the three vahanas.

WIN/WIN LANGUAGE - Richard West

Business language is shot-through with military metaphors; sales campaigns, maneuvers, go on the offensive, defensive tactics, annihilate the competition, you name it. It is not so surprising when the whole industrial approach has been based on these military metaphors. And of course the management system and style followed the military pattern, the hierarchy, span of control, subordinate, superior and more.

We used these metaphors for business because they helped us get focus, discipline, order, control, results, even in some cases commitment. Unfortunately, they inherently have within them a win/lose assumption. In military thinking, there is always a winner and a loser.

We have watched the losers from World War II become the economic winners of the world. How could that happen? One answer is that history has taught us that rubbing the "losers" nose in losing reaps the whirlwind later. Over the past 40-50 years then, we have come to the possibility of real win/win daily life operation. We are still blocked, however, because of metaphors which hang over from the past, fed by hundreds of hot war, cold war, lukewarm war movies, spy stories and games. War produces adrenaline and excitement in minds of image-consumers that win/win does not.

Our language influences our behaviour. So, even our thinking begins to change, but language, (metaphors) do not. We tend to operate in the same old ways. For example, when a Managing Director sees himself as the "Captain of the Ship", there are a series of images which support that. Captains are supposed to go down with the ship, remember. Captains are absolute law on the high seas. Mutinies are to be put down with the lash. The Captain is all wise. How do we move from this image to one more like a Coach, or Guide, or even a Guru or "Chancellor" of a Learning Organisation or some other term which more nearly fits win/win relationships.

New metaphors help us break free from some of the old images and language. When the past or present situation is described as a metaphor, it frees us to create a new one. When a manager said, "Our company is like sailing a boat, and the captain is sailing by the wake", members of the management team were freed up to first disagree, then come up with a metaphor which did describe their situation. They were able to create a futuric metaphor which opened up their thinking. Metaphors may be like a good joke, a surprise, by revealing that which I know but don't know I know it until it breaks through.

So, if not military metaphors, what? It needs to be that which gets away from win/lose on which even the best military images are based, and that which comes out win/win in very simple terms. What are the metaphors which begin to describe this possibility? Let us look at six metaphors or images which are gaining favor.

From Organisation to Organism

Perhaps a better image for what we are talking about is not organisation, but organism. For example, what if every part of the organism "knew" it depended on every other part to do its important task. Suddenly there would be no unimportant parts. No part would become any more important than any other. Now think of a single-celled organism, the simplest kind you can imagine. The periphery is what interfaces with the external environment, thereby learning what "works" and what does not, what "resonates" with the external environment and what is rejected. Where the periphery flourishes, the "center" knows something is useful and workable is going on. If the periphery margin is seared, withers or simply becomes encrusted, the center knows that it is not adding to the longevity or regeneration of the organism. The center takes in data from the periphery, integrates it into the whole being of the organism and makes decisions about how the organism is going to continue or change its approach. Imagine a whole series of systems of communication between center and periphery, the kind of information to be transmitted even that between one section of periphery and another. This suggests a move from a hierarchical style to one in which different parts of the organism are careful to fulfill their function and complement the other parts of the organisms for the best interests of the whole.

From Directing to Coaching

When life is simple and unambiguous, perhaps a directive style is OK. When you are the one who knows and others do not and time is of the essence, perhaps a directive style is OK. When someone is dealing with a group of individuals, all of whom are unqualified to do the task at hand, perhaps a directive style is best. However, that is hardly the case today, Life is complicated and ambiguous because of competition, global change and a myriad of operating life styles and cultures even within a single company. Good decisions demand a longer lead time which does make it possible to consult, even coordinate with others before deciding that which affects them. Technology has advanced to the point that entry level people may possibly be more competent in some arenas than 30-year veterans. There is a "self development" dynamic loose among employees today which looks like, "If I am not learning, increasing my marketablity and my ability to contribute is not appreciated in this job, I will

move to a job where that's possible." Orders are ignored, and one way or another, simply do not get carried out. Being willing to share your experience and knowledge, but also being willing to learn from your co-workers, no matter what your seniority, is the mark of a coach of the future.

From an Aligned Organisation to A Learning Organism

Alignment, that is everyone committed to the goals and purposes of the organisation, is critical to focused efforts and success. In the early 80's a book came out in the United States called, "The 100 Best Companies to Work For". There was a note in that book which explained why McDonald's was not included. The note said something like, "...although they are a great organisation within many of the criteria of the ratings, they were too hard on their people", a lot of burnout. Highly aligned, but perhaps too much on the military-efficiency side of things. Alignment is admittedly important, but what if we shift the metaphor to a "Learning Organism". It is not only aligned, but is a fast-learning, responsive group of teams which immediately change in response to what the environment needs and requires. There is still need for vision direction and commitment, but the indirection of the Learning Organism metaphor makes it possible to imagine the open space within which to be creative in one's alignment.

From Experience to Experimentation

Organisations are caught in a seniority bind. In many cases, senior people who have the experience expect to "run the show", because that was how it was when they started. Now they have arrived and want to collect their due. With the incredible changing environment few of us can adequately evaluate, there is a changing focus from experience to experimentation. Intuitive managers are imagining what might be possible, then putting together pilot projects to test it out in order to keep risk within reasonable limits. Experience may actually be a block to the application of new technologies and adapting them in order to stay competitive. Experience, when tempered with current reality, still provides a helpful perspective, but it's only one.

The real measure of contribution is by giving concretion to a vision, helping put the company on the track to new possibility, supporting whatever it takes for the whole organisation to benefit. In a fast-moving situation, the most important job is always the one which needs to be done, but is not. We talk about this as "the power in the middle of the table". Whoever sees the task needed and moves on it, deserves consideration and support from all others.

From Competition to Empowerment

This is a tough job when people find themselves in an internally competitive situation, "bucking for rank", trying to out-shine their peers in order to make their way to the top. It helps to be aligned on a worthy goal and purpose, but that wears thin after while for most of us. Being ready to empower others comes from: 1) Realising it is the only way to get a job done effectively. For example, in a service industry, the boss simply cannot supervise all service deliveries. 2) Deciding that others will work more effectively if they have more control and responsibility over their ability to deliver the goods and service package to a customer. 3) A maturity in the understanding of power which makes one able to hand off power for the good of all. For example, a manager giving more operational authority to a subordinate and thereby empowering him or her, is himself empowered with the time and space to devote energy to the more comprehensive management task.

From World to Planetary Society

Every organism is destined to grow. Every organism has a potential to which it aspires. Every organism is influenced by its environment. When the planet is seen as an organism itself, a new sense of win/win becomes possible, and every organism is seen less as something to be exploited and more as a contributor to other life and to the whole. We will continue to struggle to create the metaphors that will allow us all to live effectively in a planetary society. Those who discover these metaphors and are able to live and work out of their corresponding images, will lead the way.

Look around. You will see that some people in your organisation, probably younger ones who read widely, are traveled or maybe have simply taken into themselves a new "collective consciousness" arriving along with the Planetary Society. They already know and are beginning to practice win/win thinking. They are the source for your own transformation thinking.

SETTING THE STRATEGY - Jan Carlzon

Some time ago I sat down with the president of a U.S.- based airline to discuss a joint venture - providing a terminal at one of the major U.S. airports to link our respective flights and passenger handling systems. Determined to make it the best passenger service terminal in the country, we were willing to invest $60-70 million in the venture. Our contacts in the other airline had seemed equally enthused, and both of our staffs had spent considerable time laying the groundwork before our meeting.

After five minutes, I could see that my prospective partner wasn't interested in making an investment in better service for his passengers. He stated flatly that a terminal shouldn't be a "fancy palace," just a bunker. He then quickly changed the subject to the latest advances in aviation technology. Though I listened for another half hour, I knew this wasn't a company we wanted to do business with.

Not long thereafter I visited Bob Crandall, chief executive officer of American Airlines, to find out how his company was tackling the deregulated U.S. marketplace. Bob explained how he was positioning his company in the market; how American had built up a hub-and-spoke system; how the company had developed its information and communications system to secure access to the market; how he worked with the unions; and how he spent 30 percent of his time communicating with his employees.

After two hours it struck me that he still had not mentioned anything about airplanes. Finally, I prodded him by asking what kind of planes he was buying these days. He looked at me in amazement - almost as if he didn't understand what I was saying. "Airplanes?" he asked. "What are you talking about? We buy whatever we need to do business."

I hardly have to add that while the first company is now bathing in red ink, American remains one of the most profitable airlines in the country. Why the dramatic difference in fortunes? The first airline executive was mired in a production-oriented philosophy. Bob Crandall, on the other hand, understood that to survive under deregulation, U.S. airlines would have to learn to serve their customers better. Then he set out a business strategy to ensure that American would be a customer-driven company.

Start With Customer's Needs

Unlike his counterpart at the other airline, Bob Crandall had taken those crucial first steps that many leaders ignore. He assessed the business climate and determined the needs of his customers. Based on that knowledge, he outlined a business strategy to meet the customers' needs within the context of the marketplace and organised his company intelligently to carry out that strategy.

Remarkably, many business executives begin by devising goals and strategies, and only later back into an examination of the business climate and the customers' needs. Obviously, this is proceeding in the wrong order. How can you know what your goals or strategies should be if you don't have a clear picture of the environment you're working in or of what your customers want? Sadly, by the time many businesses recognise they should have planned the other way around, it's too late.

Given today's increased competitiveness and emphasis on service, the first step must be to acquire a customer orientation. To a certain extent, this means looking at your company and deciding, from the customer's point of view, what business you're really in. For example, is SAS in the airline business? Or is it really in the service business, to transport people from one place to another in the safest and most efficient way possible? I think it's obvious that the answer is the latter. The response to that question will go a long way toward determining how you will organise your company to provide the best service.

Once you determine who your customers are, you can decide what business you're really in. This sound easy, but for those sitting at the top of the pyramid - and not working on the front lines, in day-to-day contact with the customers - it can be tricky.

At Vingresor, we realised that senior citizens were becoming an important category of consumers in the travel business. So we worked out a comprehensive approach to attract them to our tour packages.

We concluded that senior citizens were fearful of traveling abroad and therefore would want to stay in special hotels filled only with other Swedish senior citizens. No doubt, they would prefer an apartment-type suite with a living room where they could entertain their new friends and a kitchen equipped with a special Swedish coffeemaker and Swedish coffee. The social rooms would, of course, have a plentiful supply of Swedish board games and playing cards.

We knew that the tour conductors needed to have some form of medical training and that they should be solid down-to-earth people - probably ruddy-cheeked, matronly nurses. Special arrangements would be made with a few nearby restaurants to serve Scandinavian dishes suited to our guests' cranky stomachs. And since we assumed that older people prefer getting out and seeing the sights to sunbathing on the beaches, we arranged a wealth of brief excursions, interspersed with plenty of restroom breaks.

We were quite satisfied with our new product but decided to find out what the seniors themselves thought. So we invited a group of about 15 from a Stockholm retirement club for coffee and cookies. We barely sat down when the first one spoke up.

"I just had to tell you that I thought it was crazy

that you left Nueva Suecia down at the beach in St. Augustin and instead moved the whole kit and caboodle up to Monto Rojo on the other side of the road," she said. "After all, when we're visiting the Canary Islands, we want to be right at the beach, not sitting beside a hotel pool."

Fine, we thought. This little old lady is an unusually experienced traveler. She can't represent the entire group.

Immediately another woman added, "I don't understand why you've shut down Medaro and started with Los Christianos and Playa las Americos on the south coast of Tenerifa. Medaro was more exciting and more primitive, and that's what suits me best."

All right, we thought. So she doesn't represent the group either.

Then a gentleman explained, "This is what I do when I travel. I look for a cheap trip in the newspaper ads - never more than a week, mind you, because then it gets tiresome. When I get back home, I pick up the paper and begin looking for another cheap trip so I can take off again."

By now we were beginning to wonder just who these people were.

Then we heard from another one: "Mexico - that's a place I think you should include. We've been to Sri Lanka and Gambia and everywhere else, but Mexico seems *really* fascinating."

And so it continued, until finally not a single retiree there expressed interest in our wonderful product. We thanked them for coming to Vingresor and promptly dismissed all of their opinions. We stubbornly invested $100,000 in beautiful, tabloid-size brochures with huge block letters. And our matronly nurses were left waiting for pensioners who never showed up.

That's what happens when you sit at the top of the pyramid, far from the reality of the market, and you develop a product you think will please your customers. If we'd started by believing the seniors - or listening to our experienced sales staff and tour conductors who knew them - we probably would have ended up mixing the pensioners with the young adults at a hotel that caters to an active lifestyle.

Building the Strategic Goals

After you discover what your customers really want, you can turn to establishing your business goals and a strategy to achieve them. These goals needn't be complicated. But whatever they are, they should be oriented toward the customer, and you should use them as a yardstick against which to measure your strategy and results.

When I came to SAS in 1981, we set a goal to become the world's best airline for the business traveler. At the time, SAS had just taken delivery of four Airbuses - large, short-haul planes that were technologically modern and had bright, spacious interiors. The four Airbuses alone had cost $120 million and we had ordered another eight.

The Airbuses could be operated six percent more cheaply per passenger mile than the DC-9, our workhorse aircraft. But the Airbuses were also bigger than the DC-9s (240 seats vs. 110 seats), so no savings could be realised unless the Airbuses flew with a full passenger load. And after making the purchase, SAS discovered that its passenger base was too small.

The Airbuses had been purchased based on forecasts that our passenger load would increase from seven to nine percent annually and that cargo would increase rapidly as well. But, with the onslaught of the oil crisis, the market had stagnated. The only economical way for SAS to fly Airbuses from Stockholm to major cities in continental Europe was to fill them up in Copenhagen. They were too big to provide nonstop service from other Scandinavian cities to continental Europe - a service our customers were demanding.

To airline executives who assumed that their passenger market would grow steadily each year the approach of constantly investing in new aircraft made sense - and, indeed, it had helped SAS chalk up 17 consecutive profitable years. But we could no longer afford that kind of thinking now that the market had plateaued. We had to start taking the point of view of our customers, the business travelers. And seen from their perspective, the picture looked very different.

We saw that the only way SAS could use the Airbus economically was to provide poor service to the very customers we were working to attract. How would business executives in Stockholm and elsewhere in Scandinavia prefer to organise their travels? Would they want to fly in our roomy, new Airbuses, even if they would have few flights to choose from and required stops in Copenhagen? Or would they prefer traveling in ordinary DC-9s on frequent, nonstop flights from Stockholm, Oslo, or elsewhere directly to major cities in continental Europe?

To me, the answer was obvious. "Put the Airbuses in mothballs," I said. "Use the DC-9s instead."

Many people at SAS were aghast; it was as if a company had built a brand new factory, only to have the president close it down on dedication day. But it was the decision that made the most sense. I wasn't saying Airbuses aren't fine aircraft; they are. In fact, we have leased them for charter excursions since we stopped using them on our own routes. But to remain competitive in attracting the limited market

of Scandinavian business travelers, we had to offer frequent, nonstop flights. And we couldn't do that using the Airbuses.

The Airbus story illustrates the difference between a production-oriented philosophy and a customer-driven philosophy. The classic production-oriented company produces or invests - in this case by purchasing an aircraft - and adapts its operations to the equipment.

In the early days of air travel, there was nothing wrong with this orientation. Flying was still an event that people considered worth some inconvenience; they weren't seeking good service as much as a novel experience. Today it works in reverse. When a business traveler plans a trip, he arranges his meetings and then books a flight on the airline that best suits his timetable. If SAS has a convenient flight, he'll fly with us; otherwise, he won't. So SAS now focuses on those destinations that have enough passengers to support frequent flights, daily and nonstop - and that is why we cannot use large planes like the Airbus or the 747. Our new customer-oriented perspective starts with the market instead of the product. Then the means of production is tailored to give the customers the best possible products.

Just as we mothballed the Airbuses, we decided to increase our fleet of DC-9s even though a new generation of planes was available. We had studied them all, but no new plane was better suited for business traveler demands, or more profitable for SAS, than the DC-9s we already flew. Our decision was so unconventional that even I felt a little uncertain. I asked executives at another airline, "How do you decide to buy new planes? Will they be more profitable than the planes you already have? Or will they improve your service?"

My question puzzled them. "Well, we never looked at it that way. It was so obvious we should buy new planes that we never compared them with the old ones. We've always done it that way."

Once we had decided not to buy new planes, we knew that we had plenty of time before we would need to replace our fleet. When we began to study the available planes, we noticed that there had been some dazzling technical advances yet there were surprisingly few refinements in the cabin where the passengers were located. We had the time to develop a new plane that would really be right for us and our customers.

Although well into the 1970s a plane's economic lifetime was much shorter than its technical lifetime (in other words, it was profitable to replace planes long before they wore out), in the seventies and eighties it has been the other way around: a plane's economic lifetime is longer than its technical lifetime; and so there are seldom any economic reasons to replace planes.

Customers' reactions to the new planes of the early 1980s seemed to bear out our decision. Lufthansa recently switched to a fleet of sleek, new Boeing 737s. These planes may have been technologically advanced, but to the customer there was only one striking change: instead of having rows with three seats on one side of the aisle and two seats on the other, as in a DC-9, there were three seats on each side. In other words, there were more middle seats.

When was the last time anyone asked for a middle seat before boarding a flight? Why did Lufthansa make that $600 million investment? It appears that Lufthansa regards airplane purchases purely in terms of production technology. Of the new planes on the market, the 737 was certainly the best alternative. But buying new planes shouldn't be equated with doing good business in a service company.

Customer Oriented Procedures

As I learned more about SAS, I was amazed at how many of its policies and procedures catered to the equipment or the employees, even if they inconvenienced the passengers. Equally amazing was how easy these practices were to spot - and to rectify - by looking at them from the point of view of our target customer, the frequent business traveler.

Early one morning I arrived at Copenhagen Airport on the flight from New York and had to change planes to get to Stockholm. I had plenty of hand baggage, and I was tired from flying all night. Once inside the terminal, I looked around the concourse for the Stockholm gate. There were planes bound for Los Angeles, Chicago, and Rio but none for my destination.

So I asked an SAS employee where the Stockholm gate was. He said that it was in Concourse A - a half mile away.

"But why isn't it right here?" I asked. "All of us are going on to Stockholm."

Eyeing me with a slight air of superiority he retorted, "Only wide-body planes park here."

"I see," I said. "You mean to say there are a lot of passengers here in Copenhagen who get off the plane from New York and then immediately board the plane to Chicago? Is that why all the wide-bodies are next to each other?"

"No, no." he answered. "They're here because they're all serviced at the hangar right over there."

"But why is my plane at the other end of the airport?" I asked.

"Well, that's because it was operating on Danish domestic routes in the morning and Concourse A is closest to the domestic terminal."

I tried to explain to him that I was standing here right now, not in Concourse A, and it would be nice if my plane were here too.

The problem was that the planes were being positioned at the departure gate that was most convenient for the planes! The ground handlers chose the departure gate closest to the hangar or the gate where the plane had arrived.

Now, I've heard many a business traveler swear up and down about having to rush around between the concourses at Copenhagen Airport - but I've never heard an airplane complain about being dragged a couple of hundred yards. Today at Copenhagen we tow more planes from concourse to concourse. Whereas once two-thirds of our passengers in transit had to change concourses at Copenhagen, that figure is down to one-third. Not only are our passengers less harried but we've minimised delays caused by waiting for passengers who needed a few extra minutes to dash from one concourse to another.

Saying No to Good Ideas

One often neglected challenge of developing a business strategy is knowing when to say no to good ideas that don't fit. I remember once asking the late Simon Spies, a sage of the Scandinavian package tour business, why he didn't offer any attractive vacation discounts or special services for children.

"There's nothing wrong with kiddie clubs and all that sort of thing," he said. "But the point is that, in this company, we've decided that what we're selling is vacations for grown-ups - good, simple tour packages for individuals or couples. Children's clubs don't fit into that strategy."

Raising his forefinger, he continued: "Jan, never forget that the hardest part of making good business deals is to resist making bad business deals. I don't care about all the families with children who pass us by, as long as we've decided that we want to do business with another category of customer and are willing to go the extra mile for them."

SAS receives a hundred business offers and proposals a month, many of them quite good. But only a fraction fit in with our goal of providing the best possible service for the frequent business traveler. The rest would require us to dissipate our energy after we have worked so hard to focus it on our goal.

For example, every self-respecting airline is supposed to be represented at the annual international tourist industry convention in San Diego. One year, 20 SAS employees signed up to attend out of sheer habit, but we turned them down. Why should we be interested in a tourist industry convention? It didn't fit in with our business-travel strategy.

Another time, we received permission to fly our Scandinavian-Tokyo route over Siberia. We were quite excited because it meant cutting five hours off the trip, which we anticipated would attract more business travelers.

Then someone suggested that the return trip should take the longer route, with a stopover in Anchorage. His argument was that the plane could then arrive in Scandinavia in the early morning. That way, Japanese tourist groups could begin their first day with sightseeing and save the first night's hotel expenses.

This was actually a very good idea, except for one thing: it had nothing to do with our strategy of targeting business travelers. In fact, it was detrimental to it. Business executives don't want to spend five unnecessary hours in an airplane and arrive wrinkled and tired just when they have to rush off to a business meeting. They would much rather fly the shortest route, arrive in the evening, and pay for a good night's sleep in a hotel.

In contract to a production-oriented company, where decisions are motivated by product and technology considerations, the customer-oriented company begins with the market and lets it guide every decision, every investment, every change.

If we had chosen to be "The Tourist Airline," we would never have mothballed the Airbuses or kept our DC-9s or introduced the DC-10 nonstop service from Stockholm to New York or frowned on the idea of a stopover in Anchorage. We would have bought new and larger planes, scheduled fewer departures, and attracted more Japanese tourists - all of which would have given us lower costs per passenger mile and also lower fares. Tourists are perfectly willing to wait a day or two as long as the price is low enough. But we had targeted business travelers, and they would rather pay than be inconvenienced. Having targeted them, giving them what they wanted, enabled us to remain clearly focused on our chosen strategy.

Our concentration on the business travel market does not mean that we have forgotten or disregarded the tourist market. Just the opposite, in fact. There is an important paradox here: the more we do for business travelers, the easier it becomes to offer low prices to tourist travelers.

The more discretionary tourist-class travelers we attract to fill otherwise empty seats, the higher the revenue per flight. Invariably, however, there are empty seats on flights that, due to the day of travel or departure time, are not attractive to business travelers. Since we generally have a high percentage of full-fare travelers, and those full fares have paid what it actually costs to operate a flight, we can

(Continued on page 23)

BOOK REVIEW: 20/20 VISION

— A review of 2020 Vision, by Stan Davis and Bill Davidson, Simon & Schuster (New York), 1991

Everyone pretty well knows by now that we are in the midst of an Information Age. The questions that Stan Davis and Bill Davidson set out to answer are, exactly where in it are we now, what does it mean to be at this point, and how ought we to be anticipating the era that will succeed this one?

They see our current information economy already showing signs of middle age. This is therefore a good vantage point from which to formulate some learnings for organisations and hazard a few predictions about the coming thirty years. By the 2020 decade, we will be in the midst of the next great shift, struggling with what they term the "bio-economy". Any organisation that has not learned the lessons of the information economy long before then will almost surely have passed from the scene.

The authors pull few punches in driving home the lessons we all should have learned by now: "The essentials of every business are being altered so fundamentally that you had better not be in the same business five to ten years from now that you are in today." Simply striving for incremental improvements in one's current operations is a joke because that's not what your competitors are doing. "You have to do something fundamentally different, and, in the process, your business will be fundamentally transformed."

They push well beyond just advocating that we all hurry up and incorporate the new information technology into our enterprises. The real challenge is to be perpetually finding new ways to actually generate, utilise and sell a variety of new kinds of information related to our core businesses. Today's dramatic growth is occurring primarily where businesses are managing to enhance their products by adding "intelligence" — information content and services — to them.

Many core businesses are already overshadowed by their newer information enterprise offshoots. In sports, the revenue from games (the core business) pales in comparison to that from TV production, sponsorship, home video, publishing and a host of other sports-generated information enterprises. TV Guide recently sold for more than the market value of any of the broadcast networks it covers. The Official Airlines Guide (OAG), which simply lists flight information, has a value greater than all but the largest airlines. The lesson we need to learn is that "information service businesses often become worth more than the business from which the information was generated in the first place."

A new "infostructure" is emerging and beginning to link what we used to think of as distinctly separate businesses. Companies like AT&T, IBM, CBS, Kodak, Reuters and Xerox now find themselves in related, overlapping and competing businesses — and it is precisely here that we find our greatest growth occurring. This integration of formerly discrete enterprises is transforming our society along with them, as, for example, "telephones, computers and televisions (become) virtually one and the same thing."

The authors cover a wide range of these new information enterprises that are making our old ways of operating almost unrecognisable. Home loans processed in fifteen minutes, insurance claims settled and paid on the spot of the accident, customised cars delivered to your specifications within a week. They look at the explosion in mail-order operations and the dramatic changes occurring in such diverse businesses as clothing, textbooks, eyeglasses, pizza delivery and travel agencies. The mark of these new informationalised operations is that they are doing far more far faster, with greatly reduced inventory and overhead, higher quality, customised products and exceptional service.

Such enterprises are moving from being curiosities or exceptions to being the rule. Some industries are resisting informationalising, often by seeking to maintain outdated forms of control or restrict access to information. We will see variations in the speed at which different industries move, but the overall direction is unmistakable and irreversible. The danger to the laggards is also obvious. Because these new information businesses are where the greatest future opportunities lie, industries that fail to develop the "information dimensions of their business . . . (will find that) independent third parties emerge to fill this role."

One thing this means is that both public and private sectors are facing a kind of mid-life crisis. Societies are wrestling with how to develop the national infostructures that can nurture and continue to support new information enterprises. Positioning for future competitiveness will require a commitment to allocate very significant national resources over the coming years. As with industries, some societies are moving rapidly here, others slowly. The authors see the U.S. as a mixed bag, among the leaders in some arenas, well behind in others. They devote an entire chapter to the highly advanced national telecommunication systems under development in places like Japan, the new European Community and Singapore, and the challenges these pose for America's future leadership role.

The authors draw some of their conclusions as to what organisations should be doing from the way living organisms develop. Economies, products and businesses all have life cycles comparable to such

organisms. Seeing the current economy at mid-life can help us to better anticipate what is coming and recognise what must be done. That products have life cycles has long been acknowledged, yet many find it almost impossible to accept the idea that organisations are no different and must likewise be treated as mortal realities.

When we look at our organisations in this light, we have a better chance to seize the real opportunities at hand. Information technology can be appropriately applied to revitalising some of our existing products and businesses, while we should let others go and turn our attention to promoting still other entirely new ones. The organisations that survive into the coming decade will be those that find the mix that fits their life cycle.

The image that holds this best is that of the "network" organisation. Networks produce offspring that may surpass their parents and live on well after the lifetime of those parents. The authors use the image of the runnered plant to illustrate this. Like the plant, a mature and healthy organisation puts out runners. It supports them parentally and helps them to develop their own life as an independent entity. As the offspring grows, support can flow both ways as needed. The result may seem paradoxical: at the same time the parent organisations can "get smaller because they are constantly starting new entities and larger because they stay connected to each other." What we are seeing happen is that both benefit from being simultaneously part and whole, and a "living network" emerges which can sustain far greater size and complexity than any other form.

Key to this process — and almost impossible for companies that persist in seeking to be immortal — is that the parent not impose on its offspring "the same organisational requirements that it bears." The organisation's top leadership here plays the critical role: it is the "job of senior management to parent new-generation businesses . . .and to allow those new businesses to create their own forms of organisation." The focus must be on supporting the growth of the enterprise and allowing the greatest freedom for new organisational forms to emerge as a result of that growth.

The network parent itself is wise also to operate in such a fashion. As companies mature, their tendency is to focus more on tinkering with their organisational structure — what the authors term "housekeeping" — hoping in this way to rejuvenate their aging enterprise. What usually happens is the reverse. When an organisation's attention turns inward, it loses its capacity to spot opportunities and take advantage of them. What it gets instead is still more organisation to manage and worry about. Instead of trying to preserve itself through repeated restructuring, a mature organisation is far better off focusing on what it is for and about. This empowers the entire network to devote itself to developing its new enterprises, while letting its structure, systems and culture arise from them.

In every era, organisational patterns have followed the development of new technologies, not led them. The precise forms and managerial models of our new network organisations are not yet all that clear — and the authors think they may not be for at least another decade. What is clear at this stage in our life cycle are the emerging technologies and the immense opportunities these provide for new information enterprises — and these are being developed now. As we make the much discussed shift "from hierarchies to networks", we must not give undue attention to our structural housekeeping. We can afford to relax a bit on this score until we see more clearly the nature of the enterprises we are becoming. What will empower today's organisations to become tomorrow's networks is deciding to put our attention and our energy into discerning, inventing and reproducing these new enterprises.

-- Gordon Harper

(Setting the Strategy - continued from page 21)

afford to "dump" prices on the empty seats. By substantially discounting the seats the business travelers don't want, we stand to make even more money per flight. If we sell every seat, our overall revenue is greater and we can pass the extra earnings on the business travelers by lowering fares for them as well. And, what's more, those discount fares don't have to be rock-bottom as long as they are low enough to fill every empty coach seat at any given time.

That's just what we've done. SAS has the highest percentage of full-fare travelers and the lowest tourist-class fares in Europe today. And the benefits ultimately circle back to our primary market, the business traveler.

THE INSTITUTE OF CULTURAL AFFAIRS and LENS INTERNATIONAL
ASIAN NETWORK

ICA India
Bombay: 13, Sankli St., 2nd Floor, Byculla, Bombay 400 008 INDIA
Panvel: Plot 7, Road 10, Sector 1, New Panvel, 410 217 Raigad District INDIA
Pune: D-2, Vidhyamrut Co-op. Hsg. Society, Shankarseth Rd., 411 037 INDIA

LENS Services Pvt. Ltd.
New Delhi: 25 Navjivan Vihar, New Delhi 110 017 INDIA

LENS International Malaysia Sdn. Bhd.
Kuala Lumpur: P.O. Box 10564, 50718, Kuala Lumpur, MALAYSIA

ICA Australia
Sydney: G.P.O. Box 1792, Sydney, NSW 2001 AUSTRALIA

ICA Taiwan
Taipei: 6/F, 53-1 Chung Shan N. Road, Sec. 7, Taipei 11136, TAIWAN, R.O.C.

ICA Associates
Hong Kong: Woodside, Mount Parker Road, Quarry Bay, HONG KONG

LENS International
Tokyo: Seijo 9-1-5-102, Setagaya-ku, Tokyo, 157, JAPAN

ICA Philippines
No. 603 Boni Ave., Mandaluyong, Metro Manila, THE PHILIPPINES

Image: An Action Research Journal on Personal and Organisational Transformation
Subscription Form

Rates (4 issues):	**India**	**International**	
Individual	**Rs. 250**	**$ 20.00**	
Corporation/Organisation	**Rs. 1,000**	**$ 80.00**	**(4 copies)**

Name _____ Phone _____

Company or Organisation _____ Position _____

Address _____

_____

_____ _____

Amount Enclosed _____

Make Check Payable to: The Institute of Cultural Affairs: India and send to: ICA: India, 13 Sankli St., 2nd Fl., Byculla Bombay, 400 008 INDIA