Preface

Tomorrow's business environment will be different from today's. Chapter 2 of this book makes clear what the differences will be and why these differences are inevitable. Because the environment will be different, and because the firms that survive will be those best suited to this changed environment, it follows that future firms must be, and will be, different from today's. My intent in this book is to describe the necessary nature of these survivors, these future firms.

That said, the usefulness of the book does not lie in the future. Its usefulness is in the here and now, for it is today's management actions and inactions that both enhance and constrain a firm's future survival.

Managers, particularly upper level managers, are held responsible for their firm's future performance and survival. They will be most able to fulfill this responsibility if they understand what attributes firms must possess to survive in the future. In my view, and in the view of many of the thoughtful managers I've taught in my executive MBA classes and the many others whom I've interviewed in my studies of organizational change, the business press doesn't provide reliable guidance about this important matter. It was in response to this problem that I decided to write this book.

That wasn't the only reason I wrote the book. In the three quarters of a century since the Hawthorne experiments at Westinghouse, organizational scientists—and other social scientists and strategic management researchers as well—have conducted thousands of studies of organizational change and have learned a great deal about the determinants of business performance and survival. I believe that this well-grounded knowledge can be explicitly brought to bear on managers' needs to prepare their firms for the future. It was to exploit this resource, and to show how it could be used by upper level managers seeking to position their firms for survival, that I wrote this book.

Of course we'll never know all that we'd like to know. But not to use what we do know is a waste of resources and an insult to the businesses and other societal entities that have supported our research. Managers make commitments in the face of uncertainty and ambiguity all of the time. Waiting until all

possible information is logged in, until certainty is achieved, is exactly what managers don't do, and certainly won't be able to do in tomorrow's faster moving business environment. Withholding what we now know because there is more to learn seems foolish. Of course some rigorous sorting is in order. Some areas are in a state of flux. Where I've drawn on work in these areas I've indicated what we do know and what we don't.

I wrote this book principally to inform managers about changes they might want to make to prepare their firm for its future. Of course it could be argued that the future is so unknowable that, rather than project and plan for it, managers should simply maximize their firm's flexibility, thus being prepared for all eventualities. Certainly flexibility is important in a changing world. But organizational survival depends on making commitments. Armies that do not commit troops to action and firms that do not put products into the marketplace don't gain territory—ultimately they lose it. Organizational designs (broadly defined to include strategies, structures, core technologies, other systems, procedures and practices, organizational cultures, human resources, and physical facilities) are laden with weighty commitments. Wise commitments, even those made to ensure the flexibility needed for dealing with unforeseeable events, require assumptions about the organizational characteristics appropriate to the environment the firm will encounter. The need to have some sense of the organization design features and management practices well matched to future business environments cannot be avoided. Prediction is necessary in a non-benign world.

Some managers, fully absorbed in the present, are not thinking about future business environments and the implications of these changed conditions for their firm. Perhaps they do not recognize that the future will be considerably different from the present. Other managers believe that there is nothing they should do now to help their firm be better positioned for the future, that they should "wait and see" what the future brings, and only then should they act. Perhaps they believe in this approach because, in their experience in the slower moving and less competitive world of yesterday and today, this strategy worked. At least it worked for them. It didn't work for the many other firms—no longer to be seen—that waited to act until the future was upon them, and then failed to survive because either their actions or the benefits of their actions arrived too late to avoid disaster.

While I wrote this book principally to inform managers, and also graduate students planning to enter the practice of management, I also intended to share with my organizational science colleagues the idea that we might consider codifying our field's considerable knowledge not only as theories, but as guidelines (or at least as predictions concerning the organizational attributes and management practices that are likely to influence which firms will do well in the future and which will not). The body of systematically obtained, tested,

sifted, and winnowed knowledge we've created is potentially a valuable resource for making these predictions, more valuable—I believe—than any other source of knowledge (an idea I develop at length in the appendix to Chapter 1). If we don't codify this knowledge in the form of predictions or guidelines (guidelines implicitly assume a predicted future), it will either be ignored or will be codified less well by others less qualified.

The contents of this book follow from three sources. The first is what I've learned from my own research. I started systematically studying determinants of organizational performance in 1969 while on a 14-month, full-time consulting appointment with the U.S. Employment Service (ES). The assignment of our Washington, D.C.–based, 12-person team was to help ES offices around the country learn to use computer technology for finding jobs for people and employees for firms. Subsequently one of the team members and I obtained a research contract from the U.S. Department of Labor to determine how use of the technology changed the structures and decision processes in the offices and what effects these changes (which varied from office to office) had on the office performance. From this came a book and three articles on the use of performance data to determine optimum designs for like organizations.

During the 1970s and early 1980s I continued to study organizational decision making, with particular emphasis on the effects of the organization's environment and on the use of information technology by the organization's decision makers. In the very early 1980s I became convinced that the combination of a more dynamic business environment and progress in the usefulness of information technology for business decision making would have a great impact on the nature of firms. In 1982, while on a 14-month appointment as a full-time consultant for a startup software firm in Austin, I had a 6-week hiatus between tasks and asked the firm's president if I could work on this idea of the nature of future firms. The president quickly gave his approval. The result was an article, "The Nature and Design of Post-industrial Organizations," published in *Management Science* in 1984.

That the article was awarded first prize in an international competition sponsored by the Institute of Management Sciences and began to be frequently referenced encouraged me to continue work in this area. Dr. Edgar Johnson, Director of the Army Research Institute, found my ideas interesting enough to provide back-to-back research grants. The second of these spanned from 1985 through 1990 and allowed me, along with co-investigators from the Universities of California–Berkeley, Michigan, Oregon, Texas, and Texas A&M University, to interview top managers in over a hundred organizations every 6 months over a period of 2 or 3 years each about changes in their organizations and the causes of these changes. This work resulted in many research products, including *Organizational Change and Redesign,* coedited with my Texas colleague Bill Glick and published by Oxford University Press in 1993,

and also—but less directly—*Longitudinal Research Methods: Studying Processes of Organizational Change,* coedited with Andrew Van de Ven of the University of Minnesota and published by Sage Publications in 1995.

The second and most important source of content for the book is the huge body of knowledge discovered and written about by organizational scientists and other researchers, by consultants, and by managers themselves about organizational change, performance, and survival. I began examining this material while a doctoral student and haven't stopped. In the late 1990s, when I decided on the content of this book, I began to read selectively and intensely works most closely allied with its subject matter.

The insights I've obtained from the over 700 executive MBA students who took my course in Organizational Change and Redesign during the past decade represent a third form of information that influenced the book's contents. Each of these managers wrote a 20-page analysis of his or her firm's past, present, and probable future, and provided explanations of the drivers of change in his or her organization's strategy, core processes, structure, culture, personnel, and in the decision, control, and people-management practices. Many of the firms employing these managers were failing. Many had failed—some of the managers wrote retrospectively. Other firms were succeeding wildly. All had changed, were changing, or would be changing in some ways, generally as a result of changes in their environments but sometimes due simply to changes in their life cycle phase or their top managers. These analyses influenced my thinking about change within firms. They especially informed me about the conditions affecting the propensity of upper level managers to create or resist changes in the features of their firm, either in response to changes in the firm's circumstances or in anticipation of such changes.

I've had considerable help and support in making this book a reality. Dr. Jerry Wagner, president of Execucom Systems Corporation, made available the 6 weeks it took to get my early ideas into a publishable form. Dr. Edgar Johnson, director of the Army Research Institute, provided the support needed to conduct the large interview study of the forces provoking organizational change that I described above. My colleague Bill Glick was co-principal investigator on that study; and Ken Bettenhausen, Kim Cameron, Dick Daft, Alan Meyer, and Charles O'Reilly were co-investigators. Arie Lewin, Peter Monge, John Slocum, Andy Van de Ven, and Karl Weick were consultants and advisers. All influenced what we learned from each other, and certainly what I learned. Three former upper level managers, Fred Alexander from TRW, Ted Mueller from Safety-Kleen, and Jim Teegarden from Fisher Controls, and my colleague Reuben McDaniel here at the University of Texas, read the entire manuscript and gave me new ideas and welcome criticisms. People who know a lot about some of the topics treated in specific chapters read those chapters and gave me guidance and critiques. Specifically the book and I benefited from the help

given by Ed Anderson, Alison Davis-Blake, Andy Henderson, John Huber, Pamsy Hui, Vish Krishnan, Kyle Lewis, Ithai Stern, and Kathie Sutcliffe.

Proceeds from three endowed appointments provided time and other resources that contributed to the evolution of the book—the Eddy Clark Scurlock Professorship in Management, the Fondren Foundation Centennial Chair in Business, and the Charles and Elizabeth Prothro Regents Chair in Business Administration. I am indebted to these respective benefactors. Most of all, Libby and Sandy provided the support and encouragement that were absolutely critical to writing the book.