

# Issues of Organizational Structure and Leadership Associated with Process Deployment

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# Agenda

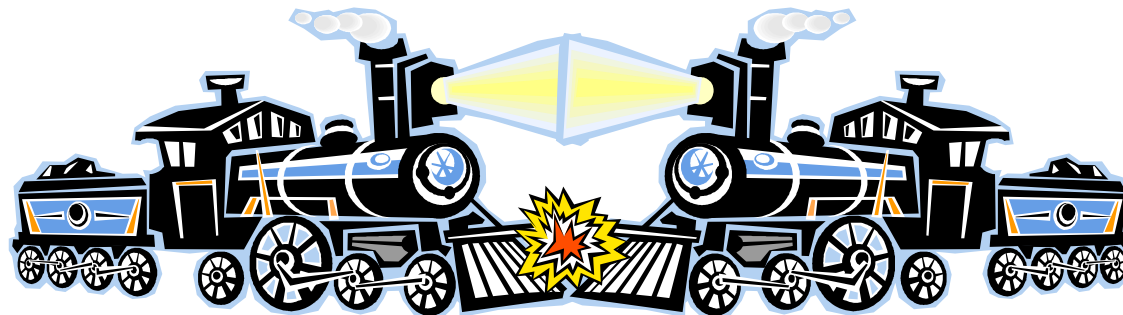
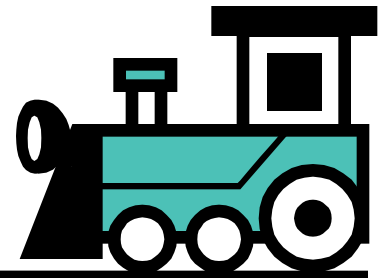
- A Brief History of Organizational Time
  - Alfred Chandler, 1977, The Visible Hand
- Theory of Organizational Structure
  - Henry Mintzberg, 1980, Structure in 5's
- Leadership Behaviors
  - Bernard Bass, 1985, Multifactor Leadership
- ~~So what?~~
- Implications for TSP coaches

# Timeline

- Preindustrial Era
  - 13,700,000,000 B.C. - late 1700's
  - Governments
  - Large Churches
  - Military
- First Industrial Revolution
  - Late 1700's - late 1800's
  - Early railroads
  - Cottage Industries
- Second Industrial Revolution
  - 1865 - early 1900's
  - Large railroads
  - Utilities
  - Monopolies
- Manufacturing Revolution (Managerial Revolution)
  - 1920's - present
  - Assembly line
- Information Revolution (Knowledge-worker Revolution)
  - 1990's - present

# History of Organizational Theory

- A train wreck
- The switch connected individual spurs



# By 1900

- Big companies followed the hierarchical model
  - AT&T
  - Commonwealth Edison
  - Railroads
  - IBM

# Early 1900's

- Advent of mass production assembly lines
  - Ford
  - GM
  - Harley-Davidson
- Regional control concepts do not transfer to the modern assembly line

# Modern Corporate Form

- M-form corporation
- Functional hierarchies replace regional control
- Often credited to Alfred Sloan of GM
  - Simultaneously created by GM, Sears, DuPont, Standard Oil

*“Structure follows strategy”*

A. Chandler, 1962

# Organizational Structure

- IF structure follows strategy  
AND strategy is a response to the environment  
THEN structure must somehow follow the environment
- Henry Mintzberg, 1980

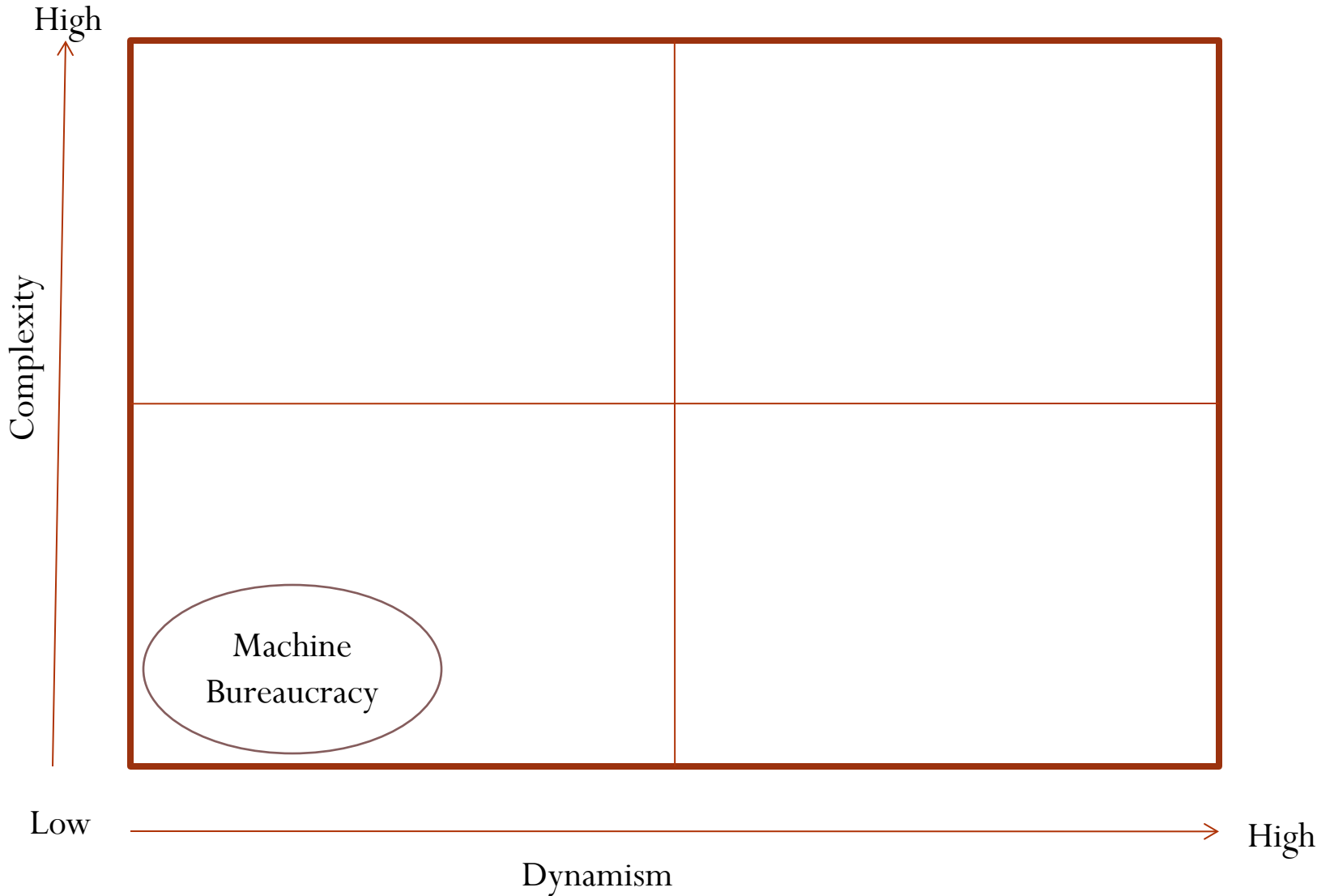
```
if ((structure > strategy )  
&& ( strategy == environment )  
{  
    structure > environment;  
}
```



# Environmental Factors

- Dynamism, i.e.  $\neg$  Static
- Complexity

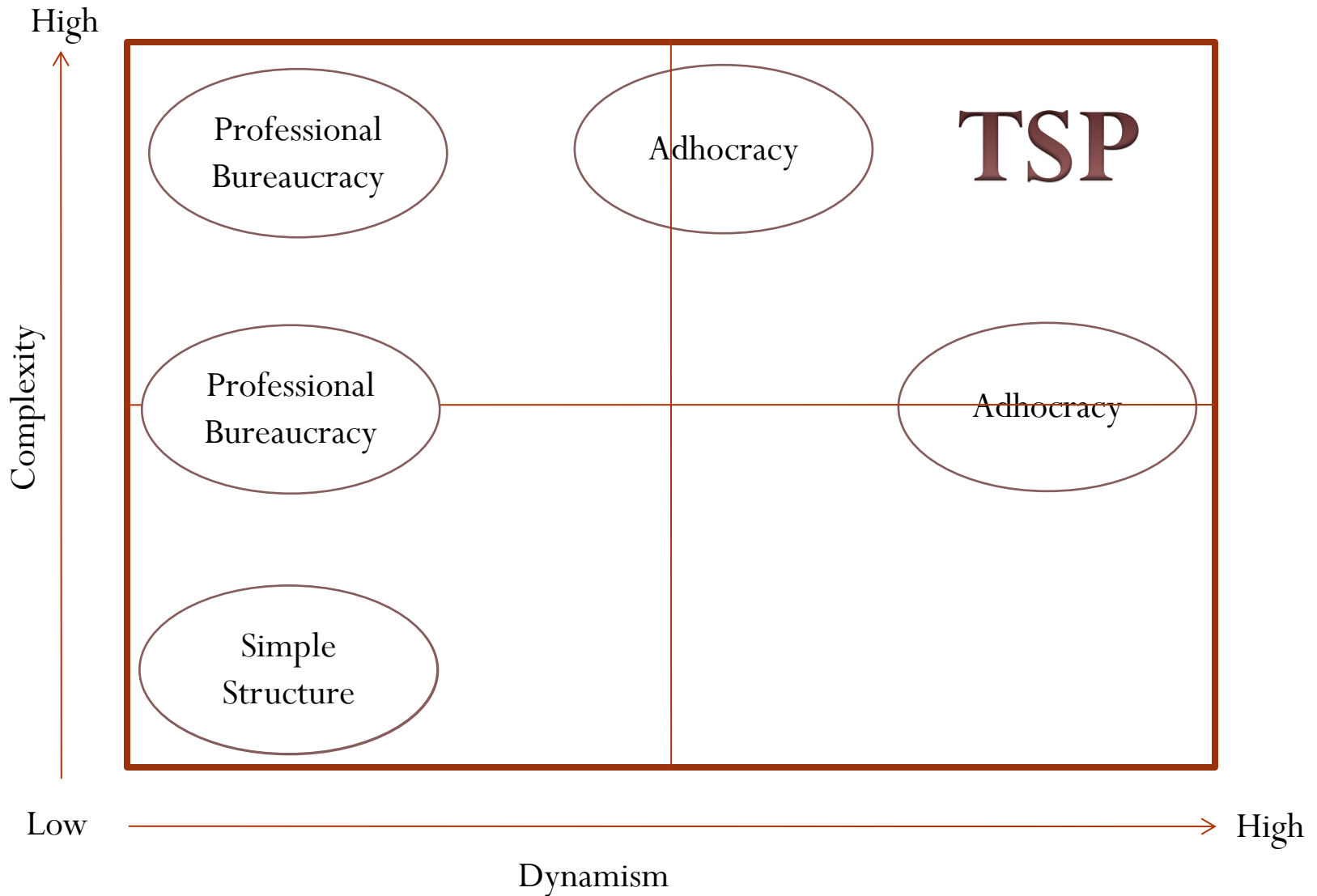
# Environmental Model



# Quick Aside on Bureaucracy

- Max Weber wrote on the concept in 1920's
- Weber's original concept is to the common meaning of bureaucracy as Royce's original concept is to the common meaning of the Waterfall Model
- Original work was not translated until late 1940's by which time the damage had already been done
- Bureaucracy = =
  - Fulltime professional managers, i.e. bureaucrats replace plutocracy
  - Rational management, i.e. rules govern rather than the whims of those in power
  - Economic efficiency

# Organizational Archetypes



# Implications

Environment -> Strategy -> Structure

- No, really...

Environment -> Strategy -> Structure

- Once more for emphasis . . .

Environment -> Strategy -> Structure



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# Leadership and Structure

- Leadership cannot change the environment
- Leadership styles are independent of structure
- Leadership behavior can help drive deployment



# Leadership Behaviors

- Charismatic vs. Rational
- Transformational vs. Transactional
- Laissez-faire
- Substitutes for leadership



~~So What?~~

# Implications for Coaches

- PSP increases the complexity an organization can handle
- TSP increases the dynamism
- BUT...
  - Organizations want to deal with a predictable environment
  - “And I want a toilet made out of solid gold but it's just not in the budget. How is it?” - Austin Powers
- The environment will change the organizational structure
- The leadership behavior will change the environment



# Identifying the type of organization

- Clues exist in the
  - structures
  - politics
  - behaviors
  - industry characteristics

# Machine Bureaucracy

- Coordination Mechanism
  - Standardized Work Processes
- Key Organizational Component
  - Technostructure
- Design Parameters
  - Formalized Behaviors
  - Job Specialization (horizontal and vertical)
  - Functional groupings
  - Large operating units
  - Plans, Plans, Plans
- Typical Company Situation
  - Mature, large, regulated
  - Simple, stable environment

# Professional Bureaucracy

- Coordination Mechanism
  - Standardized Skills
- Key Organizational Component
  - Operating Core
- Design Parameters
  - Training
  - Horizontal Job Specialization
  - Decentralization
- Situation
  - Complex, stable environment
  - Non-regulated
  - Non-sophisticated technical system

# Simple Structure

- Coordination Mechanism
  - Direct Supervision
- Key Organizational Component
  - Strategic Apex
- Design Parameters
  - Centralization
  - Organic Structure
- Situation
  - Simple, dynamic environment
  - Young company
  - Unsophisticated technical systems
  - Strong power needs for top managers

# Adhocracy

- Coordination Mechanism
  - Mutual Adjustment
- Key Organizational Component
  - Support Staff and/or the operating core
- Design Parameters
  - Liaison Devices
  - Organic Structure
  - Some Decentralization
  - Horizontal job specialization
  - Training
  - Functional grouping
- Situation
  - Complex, dynamic environment
  - Young company
  - Sophisticated and automated technical systems
  - Fashionable

# Divisionalized Form

- Similar to Professional Bureaucracy
  - Middle managers are the loosely coupled units
- Standardized outputs
- Not a complete operating structure
  - Divisions drawn to machine bureaucracies



# Example Deployment

- Developers, testers, and product managers report to single business unit manager
- Product managers report progress weekly through email based on direct interaction with developers
- Unit manager determines strategy, gets weekly updates, focuses on tasks completed
- Plans use MS Project
- Simple structure with no acknowledgement of the increased environmental complexity
- Resulting behaviors were quite predicabile
  - Bickering between groups (vying for power)
  - Data ignored
  - Plans not used

# Conclusion

- Structure follows strategy
- Environment determines structure
- The structure determines how a new process must be deployed
  - Only processes that fit within the constraints of a structure are deployable
  - The manager will facilitate or retard deployment
- Tailor deployment to the existing environment

# Questions

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