Issues of Organizational Structure and Leadership Associated with Process Deployment

Robert Musson
Microsoft
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

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

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

- Adhocracy
- Professional Bureaucracy
- Simple Structure
- Adhocracy

Dynamism

Complexity

Low

High
Implications

Environment -> Strategy -> Structure

• No, really…

Environment -> Strategy -> Structure

• Once more for emphasis . . .

Environment -> Strategy -> Structure
Implications

Environment -> Strategy -> Structure

• No, really…

Environment -> Strategy -> Structure

• Once more for emphasis . . .

Environment -> Strategy -> Structure
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
- Lassaize-faire
- Substitutes for leadership
So What?
Implications for Coaches

- PSP increases the complexity an organization can handle
- TSP increases the dynamism
- BUT…
  - Organizations want stability with a predictable environment
  - “And I want a toilet made out of solid gold but it's just not in the cards, how is it?” - Austin Powers
- The environment will drive the organizational structure
- The leadership behaviors will drive deployment
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 predicable
  - 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 constrains of a structure are deployable
  • The manager with facilitate or retard deployment
• Tailor deployment to the existing environment
Questions

- rmusson@microsoft.com