PROFILES IN MANAGEMENT

Relations in the Market and Business Place

Proefschrift ter verkrijging van de graad van doctor aan de Technische Universiteit Delft, op gezag van de Rector Magnificus, prof. drs P.A. Schenk, in het openbaar te verdedigen ten overstaan van een commissie aangewezen door het College van Dekanen op 13 december 1990 te 14.00 uur door Willem Gerrit Monhemius, geboren te Voorburg (ZH), werktuigkundig ingenieur.
Dit proefschrift is goedgekeurd door de promotoren:
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STELLINGEN / Profielen in Management
W.G. Monhemius

1. Bij benadering van ongeacht welke onderneming of instelling dient uitgegaan te worden van een drie-eenheid, te weten: een markt met behoeften, in welke vorm dan ook, voorts bronnen waaruit geput kan worden en als 'intermediair' een onderneming.

2. Aangaande een nieuwe dienst of product, nieuwe markt of wat het ook anders zou mogen zijn, zal de gedachtengang met betrekking tot de bedrijfsvoering tot een visie moeten leiden, die steeds gebaseerd is op business philosophy, business policy en business performance.

3. Iedere onderneming of instelling moet worden gezien als een 'cel' in een maatschappelijk stelsel, dat een afwisselende beweging vertoont. Het managementdilemma, dat daaruit voortvloeit, bepaalt zich op ieder moment tot de keuze tussen expanderen of consolideren.

4. Gesteld wordt, dat twee kringlopen het management beheersen. Enerzijds betreft het een 'open kringloop' in relatie tot 'entrepreneurial management'; anderzijds gaat het om een 'gesloten kringloop' betreffende 'administrative management'.

5. Het coöperatiepatroon, waaruit ieder bedrijf c.q. bedrijvigheid bestaat, omvat 4 hoofdelementen.
   . Procedures op grond van physische phenomenen.
   . Bekwaamheden en capaciteiten inzake technisch-economische invulling.
   . Structuren, gebaseerd op cultuur-organisatorische bestuurbaarheid.
   . Management, dat bedrijvigheden moet doen ontstijgen, respectievelijk doen in stand houden.

6. De werkzaamheden in een bedrijf of instelling vallen steeds uiteen in 4 hoofdelementen, ieder met een geheel eigen karakter.
7. Ongeacht welke activiteit een bedrijf of instelling nastreeft, altijd kan worden gewezen op key factors, c.q. oerprincipes, van markt respectievelijk product, die bepalend zijn voor vorm en omvang van zo'n bedrijf of instelling.

8. Waar het menselijk streven naar inzicht en zelfvervolmaking niet meer beheerst maar overheerst wordt, herinnert het aan wat de Zauberlehrling in Goethe's Faust oproept. De effecten, die dit tot gevolg heeft, blokkeren iedere vooruitgang, zowel in wetenschap, als kunst, als op geestelijk gebied.


10. Historisch besef is voor iedereen onontbeerlijk om in tijden van voor- en tegenspoed zichzelf te blijven.

11. Training in communicatie kan niet jong genoeg worden geërfend.

12. De 'decisive moment' van de schilder-fotograaf Cartier-Bresson, waarin alle elementen van de geest, het gevoel en het vakmanschap tezamen komen, heeft een bredere betekenis, dan hijzelf heeft bedoeld.

13. Een 'knipoog' naar gewildheid, ja, zelfs sleur, is vaak doeltreffender dan het uitspreken van een afwijzen standpunt...
"The consciousness of the observer must be altered, .......
reoriented toward the 'unbroken wholeness' of which everything
is a form."

Gary Zukav, after the avant-garde physicist David Bohm (1979)
To Johanna

....... for your devotion to all of us!
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PREFACE

This book has a history... If around 1972, after some 22 years of practical experience, the question is asked to prepare a lecture on 'Internal Organization' for a group of people who have been working for years, this poses some problems. In those days, as well as today, this subject seemed to have lost nothing of its actuality.

First of all it is the question itself. It contains a danger. For, every -internal?- organization does not stand alone. It is the outcome of what an entrepreneur aims to achieve in a market. For, he imposes his conditions on the system he conceives as necessary to this end. The organization must comply with this vision. The result will be the need for instruction, at that time called: 'The Entrepreneur and his organization', which later became 'Entrepreneurial Science and Organization'. - Meanwhile this has been rendered out of date. In practice many more things play a part than represented by the statement 'organization'.-

And secondly, if it then appears there is no book for this special field, much becomes clear. Even more so, if this is once more confirmed during visits to 10 eminent Business Schools abroad.

These findings corroborate earlier surmises when working for different companies. It comes down to the fact that 'the products do come out but do not ask how!'

Although it is recognized in those days that working in such a manner is much too costly. And much could have been earned, the subject does not get the attention it deserves. Especially not in the period after the Second World War, when the elan came from working hard for the reconstruction of Europe. Nearly everywhere there is a 'sellers market'. Anything made is sold. And what is more, at more than satisfactory prices. When this ends the first omens of a new era become visible. However, too much occupied by the 'way matters have been run until now', these are sometimes noticed, but generally speaking, measures to safeguard the future are not taken. Under the motto 'The challenge for the next generation.' matters are put off. But, as often is the case, young officers are educated on the principles of battles fought in the past. Insufficiently prepared they enter combat, which will take place under new circumstances. That practice thus becomes a harmful experience, will be obvious.
Although analogies never completely fit, the parallel with vocational education and business can be drawn. Only upon entering business after their studies, students realize what really happens. Estimates of 3 years before 'they are worth their money', are no exception.

This is very much the case for business administration. A great lack is a sound theoretical basis. 'Theory is far behind practice', according to the authoritative author Peter F. Drucker. (1) The result is that literature in this field has the character of findings and inventory. Rather than explanations having a basis of universal, theoretical significance. (And therefore it is neither possible, as will be shown, to indicate where and why it is diverted from the universal basis and what the likely consequences are.)

This in no way means that literature is missing in this field. As early as 1915, Taylor and shortly afterwards Fayol explain the need for control of enterprises. Each from his own viewpoint. Fayol even has to explain to his followers that Taylor and himself complement each other and are not opposed. This shows to be symptomatic. In the course of years a flow of information erupts. Grateful use of which has been made for this book. But apparently it does not lead to a breakthrough. Undoubtedly this is due to the fact that most authors have an academic background. There they have been 'preprogrammed' as it were, in a certain specialist direction. The jump to the generalistic, organizations is not devoid of risks. For, the broader the field of investigation, the more difficult it will be to come up with considerations which are fundamentally supported. And that is exactly a point against which scientific ethics opposes. A scientist must therefore be wary. In order to stand as strongly as possible, the temptation is big to enter the business field strongly anchored in one's own (mono)disciplinary background. It points at the aforementioned aspect of 'preprogramming'. The result is therefore not free from one-sidedness and imbalance. However, this is not all.

It must also be pointed at the mechanistic character in the scientific approach of phenomena. Perhaps apart from philosophy, no science, as far as known, has escaped from a method of deduction and abstraction leading to parts instead of the larger whole. Thus the view of interdependence is lost. And even more, the influence of the dynamics in it, remains hidden from view. (11) Without any doubt such a clinical approach has brought successes in various branches of science. Especially the exact sciences such
as physics, chemistry, but most of all mathematics have profited by it. As long as no questions are put as regards the relations between the different phenomena, i.e. as to their relative dependence, the objections to this form of science will remain limited.

However, when 'projected' on subjects as human nature or culture, the consequences of such a narrow view become clear. Psychology preceded business administration in this respect, as shown in the views of Maslow et al. (111) Still later futurology points at the results obtainable in the so-called megalopolis, an environment where sciences from various angles 'bump into each other' as it were. From the profit they can have from each other, new unknown opportunities arise. (IV)

But also in business, trends in this direction can be observed. Notwithstanding the fact of a not inconsiderable majority of specialist-educated functionaries, rejecting business administration as 'too vague', a growing interest cannot be denied. It is not in the least the engineers at the higher management levels that feel the lack of a broad view of matters. The reason being their one-sided education.

If additional education is provided, their existing level normally guarantees that they will master new subjects faster than students. Without doubt this is the result of a need felt. New facts are as many eye-openers, which stimulate to ever deeper enter into the matter with all its aspects. However, the essence is the type of training. The way all facets work upon each other and why certain manners of management are to be preferred to others. To this can be added the dynamics of the changing circumstances, resulting in changing priorities. In such programs, executed under expert guidance, the participants discover new insights to consider processes in their totality and to direct these. Such an encounter is experienced as liberating.

All these points together have led to the start of this book and its completion. Although, completion? With respect and gratitude here a pause is made for all the authors, who have been of influence. However, this only happened after personally trying to create a picture of this matter. It has been done with the conviction that testing each other's ideas will then be purer and therefore more effective.

In order to get an idea what is actually happening in an enterprise, after some consideration, attention is given to the
very first start of enterprise. Especially in this respect literature offers little.

Further practice and the experience gained in the course of years has been taken as starting point. Separate from previous education and established notions, it has been tried to plot a line. To show how entrepreneurship should be seen and what backgrounds are to be found. Subsequently it has been looked for the structural laws to which enterprises are subject, or why this should not be so. The implications for the systems which are the result is then considered. The overview has finally led to a further profile of management.

Once it was the intention to write this book together with ir. Pieter W. Brouwers, then alive director of the Leeuwarden College of Engineering. His and my views about business education were completely on one line. Unfortunately it never came to that. He died of the disease so feared. From his sickbed he encouraged me to do this work on my own. I owe him a salute!

Professor Dr. G.G.J. Bos has closely followed the growth of this book from the very beginning. His professional insight and knowledge have been of great importance to me. Moreover, he was more than able to do this in a highly inspiring manner. Both professionally and personally he commands my greatest respect and I am most grateful to him.

Professor ir. P. Ch-A. Malotaux has intensively studied this book. His suggestions and recommendations have been made in a most accommodating manner. I highly appreciate this.

Furthermore, I want to express my sincere gratitude to Professor Dr. S.W. Douma, Professor Dr. P.A. Moerman and Professor Dr. J.C. Reuyl for their willingness to spend so much time on this work.

Hans Kokhuis was, even at the most untimely moments, willing to attend to the grammatical part. I sincerely thank him.

Ir J.H. Huizinga and ir R.M.F. van Gerwen, I want to thank for the care with which they have read the proofs of this book. For years we have cooperated. A cooperation which has shown its fruits in the notes they have made.

The students who have passed through the years, I want to include in my thanks for the way in which they responded to my teachings and made it into real and meaningful meetings. Their questions about our métier have always fascinated me and been a great
stimulant in writing.

What I have felt with all of them, almost without exception, has been the harmony in cooperation in search for a common goal. To me this has proved to be of inestimable value.

And, it goes without saying, my daughters, Plen, Margreet, Francisca, who are really my whole life. They never failed to express their interest in my work, I may say for better and worse.
INLEIDING

Het zal wel altijd moeilijk blijven, zoniet onmogelijk blijken te zijn, om vanuit een eenzijdig gerichte (mono)discipline een zo breed gebied, als de bedrijfskunde is, te willen omvatten en doorgronden. Velen hebben dit geprobeerd uitgaande van wat zij in hun specialistische studie hebben verworven. Dit heeft echter niet tot het gewenste resultaat geleid. Een grondtheorie, van waaruit verklaard kan worden, wat zich afspeelt op de diverse gebieden van bedrijven of instellingen, is er niet uit voortgekomen.

De wetenschappelijke wijze van denken en doen nodigt hier, zoals al is opgemerkt, ook niet toe uit. Integendeel, het is usance, zelfs normatief, om zich tot deelgebieden te beperken en zich daarin vervolgens te verdiepen. En wel, meer dan te zoeken naar de samenhang tussen deze deelgebieden, c.q. na te gaan, hoe zij elkaar kunnen beïnvloeden.

Met dit feit voor ogen is, ervan uitgaande, dat een andere weg moet worden ingeslagen, als volgt te werk gegaan.

In de eerste plaats is een inventarisatie gemaakt, van wat waargenomen kan worden. Vervolgens is ernaar gezocht, of deze waarnemingen met elkaar in verband zijn te brengen, c.q. in kaders zijn te plaatsen. Wat dit aan resultaat heeft opgeleverd, is daarop getoetst aan datgene, dat door anderen naar voren is gebracht in woord, maar vooral geschreven. Vastgesteld is, welke verrijking dit aangaande de eigen beeldvorming tot gevolg heeft. Maar ook, welke beperkingen de auteurs zich, vanuit hun specialistische achtergronden hebben opgelegd.

Hiervan uitgaande is vervolgens gezocht naar een universeel stelsel, waarop het bedrijven van business is gegrond.

Tijdens deze gedachtenontwikkeling is steeds gelet op de beheersing vanuit het management van de verschillende zich voordoende bedrijfs situaties. Naarmate de omstandigheden veranderen, is nagegaan, hoe de accenten in dezen komen te liggen. Of het leidt tot een nadere profilering in management, is vervolgens onderzocht. - Immers, dit zou een uitstraling kunnen hebben op gedrag en werkwijze van functionarissen op de diverse niveaus in een organisatie -.
Aldus voorbereid, is de weg gevolgd vanaf het eerste moment van ondernemen, met het doen initiëren van ideeën, die zakelijk op hun waarde worden getoetst, tot de uiteindelijke bedrijfsvoering. Speciale aandacht is in dit verband besteed aan de beschikbaarheid van de noodzakelijke instrumenten, als ook waar omissies zijn te constateren. In het laatste geval is ernaar gestreefd om hierin te voorzien. Aangegeven is tot welke nieuwe gezichtspunten dit heeft geleid.

De gedachtengang, die als resultaat uit dit onderzoek naar voren is gekomen, heeft enerzijds tot de vraag geleid, in hoeverre gepleit moet worden voor heroverweging van gevestigde meningen en opvattingen, anderzijds tot een aantal critische kanttekeningen voor nadere evoluering.

In een nabeschouwing is tenslotte enige bezinning gegeven op wat naar voren is gebracht. De benaderingswijze van de materie leidt ertoe, dat suggesties kunnen worden gedaan voor uitbreiding zowel als intensivering van dit onderzoek.

Terzijde zijn nog opgemerkt, dat de hieronder gevolgde gedachtengang natuurlijk niet op zichzelf staat. Bij uitwisseling van opvattingen en meningen over de bedrijfskunde in collegiaal verband blijkt keer op keer, hoezeer in de loop van de tijd er een groei naar consensus is waar te nemen. Niet tegenstaande de uitgangspunten nog ver uiteen kunnen lopen. Zonder twijfel is dit, althans voor een deel toe te schrijven aan monodisciplinaire achtergronden van zegslieden.

Maar toch, vaak gebeurt er 'achter de schermen' meer dan wordt vermoed. In dit opzicht wordt verwezen naar o.m. het werk, dat op de Technische Universiteit Delft in ontwikkeling is en (nog) niet gepubliceerd. (1)
INTRODUCTION

It will probably always remain difficult, if not impossible, to comprise and fathom a broad field such as business administration from a single-minded (mono-)discipline. Many have tried this starting from their specialist backgrounds. However, this has not brought the results desired. A fundamental theory, permitting an explanation of the various fields within enterprises or institutes has not been produced.

The scientific frame of mind in no way invites this, as noted before. On the contrary, it is customary, even normative, to confine oneself to a particular field and go deeply into the matter. Rather than looking for the coherence or studying the way in which these influence one another.

With this in mind and assuming that a different road should be taken, the following method has been followed. First of all an inventory has been made of what can be observed. Subsequently it has been investigated if these observations could in any way be related and/or placed in frames of reference. The result has then been tested against notions and conceptions expressed by other verbally, but especially in writing. It has then been described as to how this has enriched the own concepts. At the same the restrictions the various authors have accepted from their specialist background are explained. From this is has been searched for a universal system that forms the fundament of doing business.

In this development continually attention is paid to the control from management of the varying business situations. As circumstances change, it has been investigated, where the emphasis would be. The next step has been to study if this would lead to a more pronounced profile in management. – For, this might bear on the behaviour and approach of employees in the different echelons of an organization. – Thus prepared, the path from the first moment of entrepreneurship, the initiating of ideas, which are tested on value for business, until the eventual business has been followed. Whereby special attention has been given to the availability of the required instruments and possible omissions. In the latter case it has been tried to provide
for this. It is indicated that new viewpoints have led to.

The line of thinking, resulting from this investigation, has given rise to the question in how far a reorientation of established opinions and views should be recommended as well as to a number of critical notes for further evolution.

Finally a review has been included to reflect on the matters raised. The manner of approach makes it possible to do further suggestions for extension as well as intensification of this study.

In addition it is noted that the above line of thinking does not stand alone. Exchanges about business administration among colleagues show, more and more, a growing consensus. Notwithstanding the fact that the points of departure may still widely diverge. Without any doubt this is to be attributed to mono-disciplinary backgrounds.

However, 'under the surface' more is happening than suspected. In this regard it is inter alia referred to work being developed at the Delft Technical University, but not yet published. (1)
1. **Basic Pattern of Business**

- **Society**
- **Needs**
- **Synthesis**
- **Enterprise**
- **Sources**
- **Evolution**
EXPLORATION OF THE FIELD

Survey

General orientation

As stated before, it is not considered appropriate to take any of the recognized disciplines as a starting point. The limits imposed by a single-minded profession and the associated in-depth research—given its predominant scientific analytic nature—are not appropriate to thought and action aimed at in managerial education. The interrelation of the various aspects is what counts. So a different approach should be sought. Even more so, as these interrelating aspects are directly affected by a changing environment. For example, sales (policy) will be influenced by market developments and thus affect innovation (policy), and so on. In combination with the response from the organization itself as to what is and what is not realizable, a circle to the market is closed.

There are also objections to consider established business organizations, as often done in literature. In such cases only analysis of existing situations will result. It is exactly the initiatory and creative nature of entrepreneurship which then escapes observation; the originating activities of till then non-existent developments; the preamble which ultimately leads to a business, remains hidden.

The above two reasons form the motivation to start with a 'blank sheet'. This general orientation explains the search for backgrounds and ways of thinking and reasoning, standing at the cradle of a business venture.

Next the problems surrounding the start-up of a business in response to needs present in society, and requiring fulfillment, are enlarged upon. Generally speaking, to accomplish such a goal (i.e. to satisfy such needs in a well-organized way) organization is required. Moreover the kind of organization should be such that the effect is acceptable to the entrepreneur. So far the aim can still be considered to be of a universal nature. In any undertaking, be it private, government, foundation, etc., differences will only occur as soon as criteria are involved regarding acceptance. Making a profit will receive stronger stress in
a private enterprise than in for instance a trade union, institute or charitable foundation. However, at this point this is only of secondary import. First and foremost the widest possible basis, to which the various enterprises and institutes can be related must be laid.

For this purpose in the following pages use is made of a basic pattern comprising 3 elements to wit: market, enterprise and sources. -See fig. 1 -
When signalling a need, the entrepreneur will examine if an appropriate response can be given by way of services and/or products, drawing on sources known to him. If this will actually lead to action by an enterprise will depend on his expectations as to the results. Positive preliminary research will make him decide to take further steps. -These will be dealt with further on.-

The basic pattern specially brings to the fore the following. -See fig. 2- Everything start with the needs, i.e. both actual and potential. To determine if and how to react to this demand, know-how is required. The know-how is obtained either direct by way of the staff or advisors, or indirect through know-how 'stored' in raw materials, semi-manufactures, machines, and such. In addition to changes in markets and sources, the entrepreneur should also be aware that his -future- enterprise will never be more than a cell within the totality of society. Any enterprise should therefore evolve together with its environment. The enterprise originating as the synthesis between market and sources will only then be successful, if it remains 'in step' with the environment. -In view of the competition with other enterprises, the aim will of course be to achieve market-leadership!- But entrepreneurial action taken will provoke reactions from others, which again will affect the enterprise. The more developed the culture, the more differentiated patterns of interest should be taken into account. In developing areas, for example, there will be hardly any mention of consultance agencies or government inspection agencies, even less of consumer organizations, etc. However, in the western hemisphere the entrepreneur increasingly faces these complications following from the tensions of a multitude of interests.
Hence it follows that the aspect time should be regarded as crucial in the trinity: 'market - enterprise - sources'. From the business point of view it required an
attitude, which recognizes new developing trends at the earliest possible stage in order to act timely upon them. For instance, a drastic reorientation for tuberculosis clinics was required, once this disease had been forced back. This was realized at too late a stage. Prompt reaction would have initiated the use of available facilities for a 'new' disease, thus precluding needless sacrifices - also financially.

In due course backgrounds emerge regarding the internal cooperation. In any organized connection specialist always depend on the -individual- contribution of colleagues. A cooperation based on their capabilities and capacities. The same holds for groups. Participation of all involved is required to complete overall activities. All individual contributions form an integral part of the unit of action. A remarkable feature is that, albeit exclusively within the entrusted area, each individual has freedom of action. This makes him both specialist and manager. A representative visiting customer will be entirely on his own. An engineer will act independently in case of machine failure. Within certain bounds any person thus is free to act as he sees fit. For instance, the janitor is expected to direct visitors in such a way that no disturbance occurs to the organization. Viewed in this light, any worker is a participant in managing the organization. Even though he depends on the intentions and actions of others. It will take time for everyone to get to know one's role. Task, role and style in relation with ability, mainly determine quality and scope of any one's contribution. Only by real contribution will the environment recognize any one as an authority. This establishes him in his particular position. Thus it will be the drivers who best know their vehicles. When investing in the car fleet, it would be wise to consider the remarks and suggestions of these people. In likewise manner the insight of workshop attendants will enable clerical employees to establish the financial consequences of maintenance, etc.

Viewed from this angle authority derives from capability. This is contradictory to the purely hierarchical position in an organization. However paradoxical this may sound, the same applies to
management. If management by its performance shows real competence in effective leadership by anticipating situations from an overall vision, it will compel respect. The hierarchical position is made true by effective competence. 'Having a face will command authority'. - According to P. Storm, 1963 - (2)

If, however, symptoms of future issues are not timely recognized in an organization, this cannot but lead to malfunctioning. Forces will then be insufficiently coordinated by lack of directive and coordinative management. The order established is no longer under control; the purpose will be defeated. It is rather the organization controlling the people than the reverse. A phenomenon calling to mind a 'Zauberlehrling-effekt' (Sorcerer's apprentice effect) similar to Goethe's Faust. The human striving for insight and self-actualization is not always controlled. Knowledge that is not mastered leads then to chaos. In case of succession analogous situations will occur. New executives will face a task, more often than not covering a larger field than faced up till then. It may not be assumed, that they will control this field without more and immediately. It will need proper preparation, since understanding and getting the feeling of any new field of operation requires time for reorientation. The viewing angle should be widened. New aspects will play their part in philosophical thinking. It means acquiring the ability to determine standpoints, from which to embark effectively. However, quite often this is not sufficiently appreciated. So long as this is not changed, whatever the situation, management will fail to appropriately meet new challenges. On the contrary management will be "managed". It will be propelled by circumstances instead of the other way round. 'Zauberlehrling' effects are bound to occur.

Once management has been weakened in this way, this will inevitably be accompanied by Machiavellian side effects. Passing on the blame and hiding in safe nooks will be prevalent in order to safeguard and strengthen one's own position. The protection coming from corrective and coordinating measures is no longer there due to a failing management. In this connection one may bring to mind the paralysis often occurring in bureaucracies. Such a process
will cripple the organization and, what is more, find a fertile earth. Is is no longer the policy-making and coordinating elements that count. Rather it will be personal ambition and personal politics, people manipulating affairs for personal gain. -In such cases people are thrown back more and more to their own resources.-

Thus a negatively powered cycle comes about. As a matter of logic the process will stop at a lower level. There, due to the increasing limitations of responsibilities, an overview of matters is maintained and things are still under control.
WORKING PEOPLE INTERESTS IN RELATION TO COMPANY INTERESTS

SOCIETY

NEEDS

PEOPLE
COMPETENCES

CREATED OFFERS

COMPANY

SCIENCES

AMBITIONS
As stated before, a treatise like the one at hand, can either confine itself to more detailed investigation within a limited field or investigate exclusively the relations between disciplines in a wider perspective. The former holds the danger of sub-optimization; whereas the latter might become vague, if the constituting elements are not clearly depicted in their own right. In that case the work is missed in two respects. But too much in either direction makes it into an inaccessible, encyclopedic work.

Since the objective is the search for relations, still the latter approach is preferred. However, the aim has been to enlarge the views within clear frames and patterns. Bearing in mind, that this is in accordance with the lines of thinking from which they originate.

As the example of employees preparing for their future task shows, the problem is rather considered as a procedural solution than a person-oriented one. Even though the two are interrelated. Any person has 'mixed' his own knowledge and experience with personal ambitions. These should be in harmony with the organizational goals. -See figure 3-. Only if people can combine their own well-understood interests with the company's interests, sound working conditions will result. Then an atmosphere conducive to initiative with beneficial effect on company interests will come about. Aspects of a strictly personal nature such as temperament, life style, etc. cannot be omitted from this picture, nonetheless this will not be directly dealt with. The aim has been to find a common ground for inspiratory and individual initiative. By its very nature, business consists of both universal aspects and unique aspects. Irrespective of the fact, whether this is the overall situation or part of it.

Partly this is a consequence of individuals exerting influence from their view and position on the general management. For on other part this results from the position of the company itself, its environment, actual stage of development, etc. This provides any specific enterprise with an identity of its own. It by no means interferes with the basic patterns, because of their universal nature. Which by no means implies, that 'learning the pieces on the board' or 'rules of the game'
is all that counts. It is the players left to their own resources, who will have to find their way to success, guided by their own initiative and creativity. This comes to the fore, the moment uncertainties must be taken into account. Not all can be anticipated nor predicted. Not all 'moves' can be known beforehand. The salesman will have to wait and see how a customer behaves during negotiations, or what any competitors may come up with. No person can foretell with certainty, how affairs will develop. The parties involved are autonomous and operate with their own interests in mind and readiness for agreement will be based on that and that only.

Any entrepreneur's style of operating is essentially determined by the 'rules' dictated by his market, i.e. the culture he finds himself in. Often, both in speech and writing, mention is made of 'large and ever increasing complexity' of life in general and market and business in particular. In their book -February 1981- 'Challenging Strategic Planning Assumptions' Mason and Mitroff point to the following: (3)

....'Separability, reducibility and one-dimensional goal structure mean that simple problems can be bounded and managed'....

And continue, -see figure 4-

....'Ironically, problems of the utmost complexity can also be tamed as long as complexity is 'disorganized'. That is, whenever the number of variables is very large and the variables are relatively disconnected'....
4. DEVELOPMENTS IN A DISORGANIZED/ORGANIZED COMPLEXITY

SOCIETY

DISORGANIZED

NEW CREATION

TAMING-PROBLEMS

ORGANIZED

EVOLUTION

SHOW DIFFICULTIES IN TAMING THE OVERLAP TO ORGANIZED COMPLEXITY--
They explain, that the more the problem is the result of a greater number of 'part-problems' the more likely the occurring problem situation will be manageable by means of methods. (4)

..... 'Perhaps one of the greatest insights of the twentieth century is the discovery that when a problem situation meets the condition of random sampling—many individual elements exhibiting independent, probabilistic behavior—there is a potential statisti"cal solution to the problem. In short, disorganized complexity can generally be tamed by statistical means'.

It will be obvious, that this treatise is less concerned with directing the attention to disconnected, simple problems, nor with problems, which in view of their scope can be regarded as disorganized. Rather its aim is to give contours within which can be spoken of individual behaviour in 'organized complexity'. And to show the significance of paying attention to group movements within such contours in relation to one another. This should be considered in its widest sense, for example this will also include the relationship between companies and scientific and educational institutions! Subsequently the descent can be made to smaller units in order to end at the level of the individual employee in relation to his work environment.

In order to find one's way in this intricate matter, general orientation is the first step to approach business. For, the first target must at all times be, getting an overview of affairs. This requires probing matters from various angles. Only then preoccupied and preprogrammed thinking will be avoided. Especially the 'organized complexity' with all its mutual relations makes such an approach a precondition for success. Too frequently the phenomena discovered are dealt with elaborately, unrelated to the totality, although they are only part of precisely that totality. At this stage they
5. The way of considering problems, leading to an overview resp. a standpoint
should be evaluated as to their effects related to the total context and placed in overall frameworks. Putting it in simpler terms. It is of vital import to first 'view the problems from all sides' and only then determine a standpoint. -See figure 5-
All these considerations show the significance of a cautious approach in business. The uniqueness of any type of business venture, dictated by its market, is once more underlined in view of imponderables.

Especially in view of organized complexity, a longer and well-founded start will have to be reckoned with than mostly is supposed. Initially this may indeed cause loss of time, but will eventually be turned in gain of time, and thus save costs. By aiming at sufficient overview at first and only the at more insight, more 'hazy' aspects will be brought to light. On looking back this will prove as having been of vital importance.
If the whole gamut of problems is timely overseen, delays can be avoided. So the 'surprises, that always pop up at inconvenient times, can be prevented. It is such time-consuming problems, which always hold up progress.

Summarizing, it has been shown how strongly dependent any enterprise after all is on human initiative, ingenuity and drive. Only then will it be able to serve society from its own (market)position. A precondition to achieve this is the timely detection of changes in the environment.
MECHANISM OF MARKETS AND INTERESTS

CHANGING MARKET DEMANDS

THIRD PARTY INTERESTS

SYNTHESIS

CHANGING SOURCES
Looking inside? but only after first looking outside

In principle an entrepreneur serves his market. He will aim at creating a good image among his customers. Thus he will build up his market position. The below example is used to demonstrate, that this should be seen figuratively as well as literally. Housewives know where to find their vendor in the street market. Moreover, there they find on offer, what they expect. This nearly axiomatic fact will hardly give rise to any discussion. Yet, the formulation as given, is not complete. Should this be all, entrepreneurship would be considerably simpler than is the case. The organization as 'tool of doing business' could then completely adjust to such constant customer behaviour. And thus achieve an optimum. As point in case the following should bear evidence, that such an 'ideal' situation hardly ever will occur. -See fig. 6-

. Hardly anywhere markets show a constant and equal demand. Taste, fashion and purchasing power are no absolute factors. They tend to change in the course of time. This holds for any group of buyers.

To this may be added the fact, that business relations as such cannot be seen as independent entities.

. Interests of third parties may interfere with established relations between customers and suppliers. Whatever the cause, be it activities by the competition, consultancy agencies, government action or otherwise, they may intervene with existing business relations.

This double-edged dynamic, often interdependent, relation, keeps business in movement. For the entrepreneur it holds the challenge, necessitating adequate (re)action. For instance, new legislature regarding the safety of equipment, may hold advantages for a competitor. It requires action to eliminate such a lead.
So any supplier should be aware of the following conditions:

. Finding a proper answer to changing market demands is not the only aspect needing attention. It not only implies the adaptation of a service and/or product, but adaptation of the entire organization responsible.

. What counts is an organization that is both qualitatively and quantitatively better and faster than the competitors. In this way interference with the own market position must be avoided.

This explains why market and market relations will determine the type of organization and its operating style. And not the other way round. Hence, it is the character of the market that dictates the character of organization. The effect can be compared to an 'echo'.

Viewed from this standpoint, it is the market's demand, that should always be taken as point of departure. That is what entrepreneurs attune their organizations to. This means that the theories based on organizations as such, need not be wrong in themselves, but should certainly be considered in a wider perspective than their basis may suggest. Otherwise completing the picture would be illusory. For example starting from a so-called 'black box' is questionable. It is not always so, that existing organizations only need improvement on a limited scale. They may also disappear to make way for new ones (if so dictated by market conditions). The consequences of the invention of the compacts disc have been such, that an entirely new type of organization was required.

In likewise manner it is not meaningful to purport to discuss objectives in a business inquiry, if the causes themselves have not been elucidated. Yet this often happens. First the finger must be put on the source of dissatisfaction in the organization. Only if a need for improvement emerges, this should lead to further orientation to obtain a clear picture of what is going on. Only then does it make sense to formulate objectives for any investigation, to come to solutions. In other words, 'First know what is the matter, before deciding what to
do', or 'Demand first, offer second'.

The aforementioned mechanism of: market - enterprise - sources, should therefore always be seen in a continuously moving environment. Its dynamic character is based on 3 phenomena, to wit: market demand (including offer from sources), response of enterprises, and outside influences on these business relationships. Interaction of these phenomena will lead to continuous shifts. The consequences for the entrepreneur are, that only by properly anticipating such changes, he will survive. If he timely recognizes trends outside the organization, will he be able to adjust his own organization. Adjustment of the organization to outside developments will take time. It bears evidence of the illusion of ever reaching an optimum for an organization. As soon as such a stage might seem to have been reached, circumstances will have changed. However, it by no means implies that no periods of tranquility will occur. During such intervals, e.g. efficiency measures may help to approach the optimum more closely. Conditional shall be that the advantages for change of an organization always outweigh the disadvantages of any such changes.

It is therefore not imaginary to suppose that social unrest might be prevented by less intensive pursuit of an optimum. Especially, if such an optimum is based exclusively on costs and returns. Striking examples can be found in national and international politics.

It will be clear, that no organization will ever be optimally attuned to the expectations. At the most it will approach such a situation. The reasons will be enlarged upon in the following considerations.

. Reaching such an optimal organization would only be possible if all information required were available. As a rule this is not so. Amassing such information would be too costly and take too much time. Furthermore, information will never be up to date, as there is no telling, what reactions of the parties involved will be, once certain actions are taken. 'Surprises' which no human can foresee must be taken into account. The inability to obtain all required
information, already has its shortcomings. Unexpected successes may occur, as shown by the LeBaron model, launched by Chrysler in 1983. (5) This 'mini-van', launched more as an eye-catcher than a profit-maker, proved an unequalled success. Sales in the first year exceed nearly 8 times the forecasts. General Motors and Ford then launch competitive models.

Also with regard to expertise and experience, it may not be assumed that the latest views and, what is more, all relevant know-how will be available, both in all facets and at the right moment. The project which does not know any teething problems nor after-effects and immediately arrives at a final stage has still to be witnessed. It must be borne in mind, that normally after start-up improvements are incorporated continually, i.e. know-how at the start has been incomplete.

To this should be added outside influences. Whether this concerns direct competitors or other parties involved, their views will be and will remain inaccessible. Not only will there be most gaps in information for the entrepreneur, but the available information can never be characterized as completely reliable. It requires a high degree of alertness in maneuvering the enterprise. There is a constant danger of being too late in changing course to minimize danger.
In 1984 the Philips President D. Wisse Dekker calls this: "Sailing on several compasses". To which he added, "In spite of all information available and meeting held, surprises occur". And then: "It boils down to reacting as flexibly as possible". Also interesting in this connection are the oil crises in the seventies due to the policy of the OPEC-countries. When, in January 1979, there also follows the revolution in Iran, a total shift in customers' demand for cars is the result.

...All of that changed overnight...

Lee Iacocca writes in his autobiography about his years as chairman (CEO) at Chrysler, to continue, (7)

...The Japanese had seven hundred thousand small cars in the docks in San Diego and Baltimore. But by April those seven hundred thousand little Japanese cars were gone, snapped up by Americans who wanted instant fuel economy. It wasn't that Ford, GM or Chrysler couldn't anticipate the American market. Nobody could...
7. TASKS OF MANAGEMENT
important than the matter of optimizing is therefore the question how far affairs can be overseen. Consequently, it can be decided in how far it is justified to extend the organization to safeguard the position in the near-future. Taking into account the risks in case of sudden-policy changes due to the circumstances.

Summarizing: On the one hand it is the entrepreneurial task of management to attune as well as possible to market circumstances. Their policy should be in line with the interests and activities of third parties. And on these premises the organization should be based, utilizing available resources. On the other hand, the coordinative leading task of management is to maintain such an organization as best as possible, i.e. prevent it from 'succumbing' to its imperfections. -See figure 7-
The issue touched upon, viz. how to find the right balance, will be extensively dealt with in this treatise.
Frames

Backgrounds

When Maslow speaks about: ....'the kind of creative people, running the risk of being ground down in a large organization'... and: ....'I feel that the problem of the individual in an organization is the problem of the organization itself'....., this is the issue that is closely related to the previously mentioned one. (8) Essentially, as stated earlier, the individual's zeal is based on ability and motivation towards the job at hand. Of course it is illusory to suppose, that the organization's demands on the people will be completely in line with their own expectations. However, as long as one can speak of acceptance, there will be no direct problems, according to Elliot Jaques and others. (9) The basis for agreement offers some space. Yet this is exactly the reason this matter begs further attention.

Concurrent with the principle that an enterprise offers its services to its market, there are direct consequences for the staff. Cooperation of the staff will determine the degree of effectiveness of an organization. The continual readjustment of an enterprise to a changeable demand requires initiative and creativity. This is a critical point. The change accepted by any member of staff upon employment is subject to change. Certitude as regards continuity can never be guaranteed. A logical consequence will be unrest when changes occur. The unavoidable outside influences are hard to assess. The incertitude because of possible damage to one's own interests will add to the unrest. A point in case are the inroads made by Japanese car manufacturers and the effects on American and European policy-making in the automotive industries in the seventies. (10)
Seen against these backgrounds doing business requires constant vigilance in order not to fall behind. Changes should be anticipated at an early stage so as to be able to take precautions inside the organization. There is time required to inform and convince employees, before the organization can be adapted accordingly. This explains the crucial importance of deploying a universally applicable basic model. A pattern specifying the ever recurring aspects, irrespective of the kind of change. The unique properties of a particular company can then be plotted into this basic pattern.

Any entrepreneur, who envisages new opportunities in the market, will first of all examine his philosophy; how to interpret the situation. Subsequently, he studies his position as well as his merits to find out, if he can adequately answer the needs. Only if some specific business goal, i.e. a new service or product, has become manifest, will he pursue the matter to find ways and means to satisfy the need. This will envelop considering the opportunities of the market in relation to the facilities of the company, all conditioned by third party interests. Then research can be started into the actual feasibility of the ideas.

In other words, what matters, is mapping out the line in which thoughts are engendered. -See figure 8- Primarily this concerns the question how a certain subject is conceived: 'The philosophy'. Simply put this means: 'What is the matter; what are we actually talking about?' Then a standpoint can be taken as to one's own position: 'The policy'.
8. HEADLINE IN BUSINESS THINKING

BUSINESS SUBJECT

PHILOSOPHY

POLICY
- CONSTITUTION -

PERFORMANCE
- ORGANIZATION -

SEQUENCE IN THINKING
In other words: 'Why are one's own interests best served by a particular design?'. It concerns the constitution. To implement the policy, an organization is required. This concerns the consequences in view of realizing 'The performance'.

Viewed from this angle, departing from a 'black box' approach of organizations might prove objectionable, if 'philosophy' and 'policy' are under consideration. Sooner or later a lack of background will show up. 'Philosophy' and 'policy' are not accorded their proper place, with all inherent dangers. A static approach is employed, where the situation invites a dynamic one.

Confrontation of the individual with an existing complex structure of market and business, as set forth in the beginning of this chapter, is then in fact again reduced to the problem of the right existence of the enterprise. Only, if the grounds on which an enterprise has developed to its present state, have been expounded, only then, the individual staff member's position can be explained. When the individual recognizes the interests served by his work, this will elicit the incentive for optimal achievement. Of nearly equal importance is the fact that his work environment perceives a similarly clear picture of mutual participation. In this way the activities will form a basis for respect. If this results in actual and mutual appreciation, the foundation of cooperation between employees has been laid.

This brings on matters, such as the degree to which newcomers should be involved. Should these people for instance be assigned responsibilities with a direct bearing on policy and leadership, this will naturally require appropriate briefing and instruction. The kind of instruction will considerably differ from instruction given, for example, to people employed in production. The former will be expected to demonstrate more initiative and creativity. All instruction should be fitting for the job. Level and content of the job are determinative. There can be no doubt that welcoming newcomers with some 'general story' does not serve its purpose. —Although this is exactly what quite often is done.— The new employee cannot fully appreciate the considerations and arguments of the
expectations as regards his task in the wider context. He cannot start where his predecessor left off. He lacks any overview. His place is not put in a proper perspective to the larger entity. Thus he is 'thrown back upon his own work spot'.

In short, perception of a task should be placed into proper perspective to the functioning of the complete organization. The organization and its fundamental policy considerations should be clear to the individual employee, in relation to his position. If an individual is clearly assigned his role and its importance, the motivation for achievement is brought on. "France needs you", president De Gaulle once said in a speech to rebellious paratroopers in Strasbourg. The mood quickly changed with the significant comment: "Why didn't he say so earlier?".

Summarizing: An enterprise is only a cell in a dynamic environment. It forms part of it and, irrespective of type and size, will react to changes coming from the environment. -See figure 1, page 6- At the 'output side' of the enterprise it is the changing demands of the market. But also, requirements regarding safety, appearance, pollution, affect the policy of an enterprise, as these are a consequence of the culture, the enterprise finds itself in. At the 'input side' factors may be equally far-reaching for company policy. -One should think of wage demands, new raw materials, changing rates of interest for loans, etc.- The less these influences interfere with the daily work of the employee, the less time will be spent on them by this employee. Here lies a borderline as regards the information any employee should have to realize the importance of his work.

Essential in this context remains the realization, that an enterprise does not lead an independent life of its own. It exists 'under favour of' its surroundings and in particular the market. As long as the market shows a demand, which the enterprise -in competition with others- can successfully satisfy, this offers the reasons of existence of the enterprise. After all, all functions are a consequence of that. In this light the question may be asked, if each employee actually realizes how vulnerable an enterprise and therefore his position, really is. Once he realizes this, it may lead to thoughts more directed
towards integration than is often the case at present. Any employee in the last instance is his own master. As long as the boundaries of his job are small enough, nobody will command him. There, no one questions his authority. So he depends on his own initiative and motivation. And if he then still realizes his personal contribution to the larger whole of activities, and accepts that as well, he no longer needs to be 'the lonely individual running the risk of being ground down in the organization', as described by Maslow. Seen in this light creativity of employees is certainly a precondition for effective operation. Indirectly Maslow points at the process of ossification, often occurring after complete consolidation. Once called to life, systems often tend to be seen as absolute entities. The fundamental incorrectness of this view will be realized if the continuous changes an organization is exposed to, are taken into account. A fixed system, to which people are subjected results in a 'Zauberlehrlinge-Effekt'. Or, a system controlling people instead of people controlling the system.

The basic patterns must be continually taken into account. Outside them, human creativity will have to find a solution dictated by circumstances. In this way the problem has been reduced to a matter of general management. Should corporate management succeed in giving the right information on the 'how' and 'wherefore', so that everyone realizes 'what' should be done on the spot, it is in the hands of the employees to act. Especially in the areas lying within their authority, where they must be their own managers.
COMMAND OF AFFAIRS

To be able to effectively 'maneuver' an enterprise or institute on basis of the available information, first of all a distinction should be made between factors of a permanent and of a temporary nature. Human nature, being what it is, the latter factors will draw a disproportionate amount of attention. The new and often surprising attracts attention. The permanent and lasting does not impress.

However, for instance in case of radical changes, such as reorganization, merger, or liquidation, the basis information concerning the original how and wherefore will demand central prominence. This has been an important reason to start at 'point zero' and proceed to building, extending—and finally also 'rebuilding'—an enterprise. Only then the permanent values will also be accorded proper prominence.

In this respect it is explicitly pointed out, that the environment, an enterprise finds itself in, forms a given fact. It has its own specific, autonomous pattern, subject to changes in time. Any enterprise will have to take proper account of them. Departing from generally valid basic values, the 'filling in' will follow from these circumstances. It is evident, that this requires further investigation.

This makes every company's particular position so unique, that offering a solution 'from a distance' would be a fiction. In other words, fundamental material can be selected and supplied, also based on more theoretical considerations, however, the 'tailoring' can only be done 'on the spot'.
9. THREE FOLD BASIC PATTERN OF BUSINESS

Market

Needs/Demands

Enterprise

Organization

Sources

Supplies

Services/Products

Services/Products
Upon surveying the complexity of an enterprise and its environment, a threefold basic pattern can be observed and typified. —See figure 9—

As explained before on page 6, it concerns the interrelation of the three elements: market, enterprise and sources, a relation which is indivisible. As such it constitutes a basic pattern valid for any company, institute, etc. Partly summarized, the meaning of each of the constituting elements can be described as follows.

. The market as 'pacemaker'. It shows needs, which by type and quantity form a challenge to offer services and/or products.

. The enterprise(s), responding to the market demand. In so far as possible, a reply to needs observed is given. Since it will always remain an approximation of the 'ideal', due to physical, technical and economical limitation, inherent in any process regarding a service or product, entrepreneurship thus implies estimating consumer acceptance.

. Sources supplying the 'instruments' for producing services or products. Whether these instruments themselves represent services or products, in principle does not change their purpose. In either case it concerns the know-how offered. Knowledge and experience are offered, either in the form of manpower or pre-assembled products.

Through market and sources this system forms part of society. Entrepreneurship bears the stamp of the way a culture has developed. If fashion trends in e.g. (textiles) clothing, shoes or furniture are considered, the connection will be realized. No less striking this can be at the supply side. Consider for example how Volkswagen in Mexico had to accept limitations in the production of the well-known 'beetles' due to backlogs of suppliers of raw materials and semi-manufactures. (11)

These backgrounds provide entrepreneurship with more contrast and depth. It is not only the customers' whims that determine entrepreneurial actions. Also imperfections of trading partners should be fully taken into account. On the other hand failure may also be found in the own company. When in 1906, Shell complains about the quality of the equipment purchased, its own actions are also taken
Into consideration. The question is put if requirements have been properly specified for the suppliers. (12)
Although these facts do not interfere with the system as such, they show nonetheless its vulnerability. I.e. if those involved do not act adequately, affairs will get out of control due to the instability of the system.

In the pattern of the enterprise in its environment, described in this way, the purpose of the people employed becomes clear. They are the ones who carry out the activities, which apparently cannot be done otherwise. Whatever the reason. They are confronted with a creation, as conceived, designed and in due course 'adopted' to the changing circumstances by their predecessors. The essence of the confrontation is: how developments of given circumstances, both structurally and incidentally, should be viewed in the light of the formulation of a philosophy. Next, why a certain policy is best served by the course stipulated. To end with considering, what will be the business result, with regard to the ultimate performance. The organization achieved must again fulfill the condition of being able to 'manage' new developments. Either on its own strength or with the help of outside specialists. The appropriate level inside should be a guarantee against decline. The claim on the employees concerns their cooperation in the continuance of the enterprise.
The claim on the employees concerns their cooperation to ensure the survival of the enterprise. Generally speaking, this will be management's view of the employees. Management regards a company as a tool of doing the business. To carry on business and, when necessary, maneuver, people have been attracted. Each with his own commission. they are all spread over the company to fulfill their tasks, as well as possible. So far there will be little difference in view between managers and those managed. Shifts in view will become manifest when circumstances change.
Employees are engaged for a particular kind of job. Most of them tend to regard it as a constant. Their knowledge and experience have made them eligible for a particular job. They see the processes, of which they are a part, as having no end. Within a certain security, they contribute by their work to services and/or products. In their eyes these are supplied in a never ending stream. Together with
10. MANAGEMENT DILEMMA

BUSINESS AS A RESULT OF ENTREPRENEURIALISM AGAINST LEADERSHIP OR MARKETPOSITION AGAINST ORGANIZATION
their colleagues their own contribution consists of watching over the efficacy of the process. (In so far they are not obstructed by breakdowns and delays caused by 'the others'.)

But the entrepreneur, whose eye is directed to changing markets, assumes, that with any changes in the business, the tool, i.e. his enterprise adapts accordingly. Even, if this demands a fundamentally new set-up. That this conception does not accord with that of, especially, plant managers, will be obvious. These employees' goals will be to continually extend the production processes deployed. Outward oriented management will threaten their aim. Particularly the sales managers will form a threat.

Thus two diametrically opposed views emerge. At one side it is the ideas of the entrepreneur, together with more or less allied functions such as sales, and at the other side the so-called internal management in such departments as assembly and personnel. Whereas in the former's outlook the enterprise is the 'tool', which is being used as long as needed, the latter regard the enterprise as the center of knowledge and ability. A center deserving of continuance because of its potentialities. Crudely put: 'the throw-away article versus the holy cow'. When studying the history of enterprises either view if found. In his book 'The Great Organizers', Ernest Dale described how the entrepreneur William Durant could create his 'General Motors' and how Alfred P. Sloan Jr. did, to consolidate this success. Each in his own time, with characteristic differences. (13) The demands of the market in each period have dictated the type of management. Also at DuPont, Ford, Krupp, Philips and many other enterprises such developments can be observed. Each and every company is sooner or later confronted with the dilemma of either accepting new challenges and new risks, i.e. expansion or strengthening the existing organization i.e. consolidation.

This is here called the business or management dilemma. See figure 10- In his book 'No Authority Without A Face' - 1981- Peter Storm reaches much the same conclusion. (14) Notwithstanding the fact, that he starts from an entirely different point of view i.e. tasks and roles etc. with
regard to leadership, he also endorses the view, that in many dilemmas, that can be pointed out, the interrelation is such that at the highest level they can be reduced to a dichotomy. He observes,

...'In two-dimensional models no special attention is given to the dilemmas following from the fact that the manager is not only occupied with solving problems that are manifest, but also with anticipating future problems.'...

This brings him to the following statement,

...Often activities initiated to prevent future problems, conflict with measures taken to solve existing problems. Thus inevitably a new dilemma is created.'...

However, then his representation takes a different turn from the one followed here. What is considered here, is the following. As a point of departure is taken the unavoidable interaction between externally: position in the market -in relation to entrepreneurship- and internally: command -in relation to leadership of the organization-. This is regarded as the dichotomy within any management. Implying, that logically speaking, this phenomenon will not be limited to the higher management level or to a particular enterprise. The effects of the dichotomy will logically reverberate to all levels of the organization. Initiative and managing are inseparably connected.

There is a certain analogy with nature. A male bird will preferably react to outside influences felt in the nest. The female will predominantly react to what is happening inside the nest. -Roughly speaking of course!- Metaphorically speaking, this expresses the 'male' and 'female' sides of managing.

It will be appreciated, that market demands and company interests cannot always be brought into line. Even though it is the market that actually determines if there is a right to exist for an enterprise, it must be attractive for an enterprise to take up the challenge. Otherwise business will never come about. Only if concessions are made at either side, business becomes possible. If, by way of illustration, a market is prepared to accept
software requirements in music, the hardware viz. records offered, the way is open for agreement from the business point of view. However, if this adjustment is broken due to shifts in demand towards cassettes, tension will develop between 'innovative' and 'conservative' management. The latter wants to maximally exploit the available know-how and equipment. This duality will reverberate throughout the entire company. It is the logical consequence of the tasks assigned. Just consider sales and production, or research and financing, etc. The effects will be that deep cleavages are created, i.e. conflict situations will occur, which require special attention from corporate management, to prevent the development of actual conflicts. —see also p. 197—

When returning to both the factors of a permanent nature and the changing, circumstantial factors, this will better express their effect on the organization. Together with the changes in the environment, irrespective whether this is at the output or input side, an enterprise will have to change along, provided it wants to keep its position in the market.

The role of 'good' entrepreneurship in finding an adequate answer to the question why the market position has changed, will only be indicative. For carrying out the new policy and assessing its consequences regarding the 'performance', it will be the relevant specialisms, that are called in. In principle this is not directly connected with the tasks fulfilled by the employees hitherto. The ideas of e.g. a salesman may be most welcome. Even though his real task is more operational, it is here, that the entrepreneurial side of his work clearly comes to the fore. —Salesmen involved, for example, in projects dealing with varying demands of customers, will not experience this as something entirely new.— Bearing in mind what Ernest Dale writes about the various periods in well-known companies, times of relative tranquillity alternate with periods of change and innovation. (15) No department, in whatever type of organization, will nor cannot remain untouched. Changes in needs of markets are pace-setting for the enterprises serving them. Appropriate answers regarding services and/or products will have to be found. The smaller the variation in customer demands, the less the exertions, i.e. the number of people employed. All
attention will be demanded by wishes, which follow availability of the product. If this concerns, for example, the price, the reply will concern higher efficiency e.g. by economies of scale. This fixes the organization to an increasing degree on its main objective, providing 'the' product. Flexibility comes second place. It leads to bureaucratic organizations with far-reaching fixed patterns, as defined by Weber. (16) If in due course changes are observed, the ability to trace and chart such matters as well as the ability to react adequately is missing. Similarly, once a new product complies with market demands, the opposite may occur. At such a time the interest will shift from innovative to consolidation measures. This should be reflected in the type of personnel. Not only should this be appreciated in due time. Replacing certain specialists will demand management's attention to ensure the survival of the enterprise.

This once more illustrates the fact, that basic elements pertaining to 'philosophy' and 'policy' -should- respond considerably more sensitively to a changeable environment, than is generally the case. Only timely awareness by management that a change in course is required, offers the opportunity to react adequately by deploying the available instruments with the human resources, who by their very nature, have little flexibility. In this way the natural resistance of human beings to change will have to be overcome.

This goes to show that entrepreneurship and leadership, in mutual dependance, form an indivisible bond, i.e. management by consensus.

Undoubtedly, for sales the emphasis is more on entrepreneurship, due to the involvement with customers' demands. Production will try to keep the organization as a system intact, and will tend more towards consolidating leadership. However, be it as it may, in all cases both elements must play their part to prevent 'Zauberlehrling' effects'. This is imperative to avoid loss of contact with the environment. It would challenge the very grounds of existence of a company.
Summarizing, the above shows the way cooperation between various employees in an organization should develop, and to be an effective unit in business. In this respect any company's position as regards the environment is the same for all employees. This forms the common ground and foundation. It is corporate management's task to provide explicitness in this respect and on its stand, to all people involved. Then the roads part. The entrepreneurial philosophy elaborated in this way, will, dependent on the working area and the relevant tasks, be interpreted and translated into action. The interpretation has a professional character; the actions will be of a managerial nature.

The basic condition for the effectiveness of an organization is the concentration on the basic philosophy. This puts the highest demands on quality and exchange of information. Should shortcomings occur there, it cannot be but 'derailsments' will develop in this circuit. However, experience shows, that little has been achieved in this respect. In general too little time is spent on forming a clear picture of the company's position in the surroundings, let alone, how the situation will develop in future. Interesting in this respect are reactions to the work done by students, exactly in this field. By providing clarity, 'matters are sorted out', according to businessmen.

It underlines the need for a common ground in achieving a clear picture. This underlies the special attention paid to information exchange in an organization.
11. OBSERVATION AREAS OF TOPWRITERS

- Galbraith/Schumacher/Whyte -

- Taylor -

- Sloan/Durant/Mintzberg/Drucker -

- Mayo/Morriss/Bissell/Davenport/Hersey/Jaques -

- McCarthy/Eaton/Kotler -

- Weber/Burns/Lawrence/Loux/Shore -

- Simon/Cyert/March/Cozian/Lie -

- Specialists/Management/People -
Taking stock at the basis

Intercommunication

So far the profiles in management have been set up in a
general framework. The aim has been to search for a common
basis, usable for any entrepreneur. The type of
organization, be it industrial or commercial, institution
of foundation, should not make any difference.

When considering, that since the beginning of this
century, the search for a 'universally applicable theory'
has been carried on without any significant result, the
writing on the wall will be clear. Peter F. Drucker
observes in 1985. (17)

"...As far as the U.S. is concerned, practice is ahead of theory."...

In spite of the absence of such a theory, the fact remains
that enterprises exist, and what is more, continue to
exist. A great many have proved their right of existence
in the course of the years. Many have met with crises and
survived. What has carried them through such crises was
not a theoretical basis and theoretical considerations,
but obviously actual experience. The founders have
provided for successors, who have been able to educate
themselves in such a manner that all tasks up to the
highest level were taken care of.

Modesty, caution and carefulness are therefore fitting for
anyone wishing to contribute to such a general theory.
With this in mind a number of existing -'part'- theories
have been tested against the above developed set-up. -See
figure 11- The aim is to create a picture of the manner
in which various authors have perceived and interpreted
the matter. And why they have taken a particular approach.
The insight thus obtained as to why the proposed theory
does not -completely- cover the grounds, may provide the
building bricks for continuing the search.

For this stock-taking, work of internationally
acknowledged leading authors in the field, has been
studied. Grateful use has been made of the selections in
'Writers On Organizations' by Pugh, Hickson and Hinings
(16), and also 'In Search Of Excellence' by Peters and
Waterman has been cited. (19)
When perusing the history of management, the first thing that came to the fore is the fact that the first to embark on discovering generalizations applicable to all organizations, were engineers, to wit Taylor and Fayol. Even more striking is the fact that subsequently hardly any engineer has taken a prominent place in this field. Representatives of the humanities take pride of place. Approximately 70 per cent of the publications come from sociologists, psychologists, —together with a few politicians—. They figure most prominently, whereas the remaining 20 per cent comes from various disciplines. Moreover, most of the authors are theoreticians. Only a few draw upon their experience as practising managers. —Not more than about 5 per cent.— Another striking feature is the absence of prominent representatives from commerce. This is the predominant picture until the fifties. Only then management is approached from a new viewpoint. That is to say, from the marketing view. Marketing is heard of only after ca. 1955. However, there is no integration with preceding literature. Especially the subjects concentrating on the internal organization, i.e. production, fascinate most authors. During the seventies 'product innovation' claims more attention than before. Having come thus far, the conclusion is drawn, that the various elements, playing their part in the management of organizations, have not been depicted in a balanced manner. It will be obvious that a coherent structure or complete synthesis, can so not be achieved. In this connection Peters and Waterman observe. (20)

"...We think more important, all of them fall far, far short of depicting the richness, the variety of linkages that we observe in the excellent companies."

In view of the intended testing, the principles as elucidated above, have been gathered. Various theories will be compared with them. —See survey fig. 12—
In the years between 1900 and 1920, Taylor and Fayol made the 'opening moves' to effectively manage an organization. Each from his point of view. Taylor, interested in the functioning of production units, asks the question, why there is so much interference with an efficient flow of
production. (21) Fayol intends to classify the elements which constitute good management. His analysis tries to find the answer to that question. (22)

Taylor has specially carried out research into the circumstances and methods regarding procedures through which products come about. In this way he is the founder of a new discipline 'scientific management'. It came to be called 'industrial engineering'. His research specially points to the collaboration of management and specialization. Two elements, which in his view are inseparable. Also, if and when they are to be found in one and the same person. And irrespective of the individual's place in the organization. (23)

Fayol on the other hand, exposes elements. The building bricks of an organization. He further details these elements and qualifies them, as required for the functioning of an organization. Subsequently he accords authority to each element, i.e. employee. Thus it becomes clear who owes responsibility to whom. Although he does consider 'gouverner' (control) and 'administrer' (administrating) as the two major tasks of management, he does not elaborate.
. Basic Patterns

- **Trinity**: market demands - enterprises - offers from sources.
  This concerns the universal pattern of any enterprise.
- **3C-Mechanism**: community - competitors - cooperators.
  It establishes the right of existence of an enterprise. It dictates the outcome of the opportunities on the one hand, within conditions / threats on the other hand.
- **3P- Pattern**: philosophy - policy - performance.
  It concerns the clarification and development of the ideas at the basis of the foundation of the enterprise.

. Phenomena

. **Changes** in the environment of the enterprise. These assert their claim on entrepreneurial management.

. **Conflict situations** confronting management. These assert a claim on administrative management. Notwithstanding the differences in view and approach, the available potentialities in the organization must collaborate, in order to effective operate as a unit.

. **Concessions** by both users and entrepreneurs, to enable the doing of business, at all. In essence this means bridging cultural differences.

. **Business or management dilemma**, in which entrepreneurial and administrative management constantly are opposites in consequence of the before mentioned changes in the environment. It is tantamount to the choice between expansion and consolidation.

. **Employees**, in their role of both manager and specialist. Depending on the degree of changes in the environment, the attention will be more on either the former or the latter.
Notwithstanding the fact that he points at 'prévoir' (forecasting) and 'organiser' (organizing), he does not expand on these aspects. The fact that under changing circumstances this will lead to shifts in attention is not mentioned by him. (24)

As regards the commercial activity no more is revealed in this connection than the fact that it should be regarded 'as important as' the technical activity. He goes on to indicate that the strength of the competition should be taken into account. He only regards it as one of the conditions of success and leaves it at that. (25) The importance of Fayol's 'Administration Industrielle et Generale' is mainly based on the establishment of the main elements of foundation of an enterprise. -And in particular a mining corporation.- His essay suggests six main groups of activities in industrial undertakings, fourteen general principles of management and five elements of management. However, he refrains from further defining these. -They remain summaries, if no functional relations have been defined.- In his own words: He only intended to initiate a discussion. He observes that Taylor's and his own work are complementary to one another. Fayol being the one to point at constitution; Taylor being the one who focussed on the functioning of an organization. (26) And as such it is a discussion continuing until the present day.

Thus it is hardly surprising, that in the foreword of the English 1949 translation of this well-known publication by Fayol, L. Urwick points at the dangers of sub-dividing all that has been achieved. (27)

...'The attempt to subdivide the study of management or administration in accordance with the purpose of particular forms of undertaking seems to many authorities, as it seemed to Fayol himself, equally misdirected.'...

To continue with a warning for 'members of established profession to imagine that their procedures are sacrosanct'. (28) He once more points at this danger by remarking: (29)

...'It is a tendency for which the French have coined the phrase, 'deformation professionelle'.'...
For if this is to happen, the ideas put forward by others will meet with resistance, even hostility. Instead of careful consideration, antagonism will result with regard to the new insights of such authors. A resistance reminiscent of the 'Zauberehringeffekt', caged and entangled as the established professionals will be in their secure and familiar theories. Worth considering in this connection are those authors claiming to present a 'complete management theory'. If the developments in Japan are brought to mind, the completeness of any such theory can be seriously doubted. How much time did not elapse before a well-founded analysis was presented of the manner in which the Japanese had achieved their successes. The main reason is that -so far- this is not based on balanced, theoretical foundations.

When gathering up the thread of history, one is impressed by the fact that all of the following authors deal with this matter from their viewpoint, rooted, as it were, in their particular discipline. This explains the fact, that they confine themselves to a treatment of a part of the total problem. This causes Pugh et al, to group the main authors in component subject areas. (30)
This subdivision has also been employed below.

With regard to structure and functioning of organizations Weber, applies himself to the subject of types of leadership. He approaches this subject in relation to the types of organization found and the historical backgrounds. His analysis leads him to conclude that there is a final phase of development, a bureaucracy. 'A bureau for the safekeeping of all records'. (31)
Sociologists of his school increasingly deviate from Weber's rather static concept. Tom Burns talks about the changeover from 'mechanistic into organicistic management. A sense of the past and the very recent is essential to anyone who is trying to perceive the here and now.' In his reasoning Burns pays attention to the 'multi-faceted nature of the organization member's commitment'. (32) Round about 1967, Lawrence and Lorsch pose the question: 'Why men seek to build organizations?' To arrive at the following answer: 'to find better solutions to the environmental problems'. -Their inspiration they
took from Barnard's 'The Functions Of The Executive'. (33) (1938) They are ahead of their time by pointing out that the environmental factors determine the type of organization. (34) However, the diversity of this environment with its ever moving markets, is still not acknowledged. Hence the absence of any mention of continually adjusting organizations.

Etzioni studies types of organization under significantly differing circumstances. From commitment and concerns of employees as point of departure, he develops a classification of organizations. He shows which type of organization is most effective under which type of conditions. (35) His analyses, however, are directed at what happens inside organizations. The fact that markets impose demands on an organization, is, as by most of the others, left out of consideration. The fact that an organization will only respond to market demands, if these are seen as profitable, is neither considered. Consequently, the concessions made by both buyers and suppliers to enable the coming about of business is not mentioned.

An aspect, which none of the authors sheds any light on.

When decision-making in organizations is given prominence, Herbert Simon points out -in the footsteps of Barnard- that 'management is equivalent to decision-making'. (36) He analyses how decisions are made and described 3 stages of intelligence. Each constituting one step in the process of decision-making: 'guiding occasions, invention and design for possible action, and choice'. He makes a distinction between 'programmed and non-programmed decisions'. The former are of a mainly repetitive and routine nature; the latter deal with new and unstructured situations. They are related to the administrative and entrepreneurial sides of management, respectively.

March and Cyert consider an organization as an 'adaptive rational system subject to a variety of internal and external constraints'. Although this touches upon concessions to be made by both buyers and suppliers to reach agreement, it is not
explicitly mentioned. (37) Amongst other matters, these authors raise the subject of the principle of participation as regards the contributions of the personnel. In this context they mention 'sub-goals of interest' in relation to 'organizational goals'. Or 'sub-unit allocation' and 'project allocation'. The behavioral aspects of human beings are also discussed. (38) But again the dynamic nature, so characteristic of business, is omitted.

Crozier, another sociologist, points at the power principle. Starting from 'uncertainty explains power', he gives an example of a repair team. Breakdown of equipment can never be completely predicted and thus avoided. Indeed a bureaucratic system, functioning according to fixed rules with regard to prevention, fails if an appeal must be made on the goodwill of maintenance mechanics. On such an occasion it depends on their willingness if, outside regular hours, at unseasonable times, repairs will be made. According to Crozier, this puts these employees in a position of power. (39)

However, such situation will occur always and everywhere, as the unexpected cannot be predicted. The non-legalized situation, which is the result, will lead to an 'ad hoc'. The ways and means to solve problems still have to be found. The specific question in these cases concerns the need for a more bureaucratic, overall solution. -It goes without saying that this is less far-reaching for an enterprise dealing with storm damage, than for an established retailer operating to fixed procedures.-

Crozier points out, that consistent bureaucratic systems as such, obstruct change. In such cases the pressure must become high enough to tear down those systems and replace them by new ones. The interventions required in any organization from time to time, will arise under conditions, which Crozier classifies as follows. (40)

...'Explosive crises are therefore endemic to such bureaucracies.'...
With regard to actual management, Alfred P. Sloan, the first man of General Motors from 1923 till 1946, takes a dominant position. He is the one who points at the duality of management. (41)

...The management history of General Motors is one of the attempts to find the right balance between these two extremes, in an industrial environment of constant change and continuous, but fluctuating growth."...

If William Durant, the founder of GM, advocates the principle of unbounded freedom of operation of the different organizations of GM, Sloan, his successor, aims at integration of the general management of the corporation. (42)

...'The Corporation learnt a great deal from this controversy about the correct balance between the center and the divisions.'...

Sloan has given the push to the introduction of new techniques in the exchange of managerial information. When outlined in this way, clearly the management dilemma comes to the fore. Durant, the embodiment of the entrepreneurial manager; Sloan, the epitome of the administrational manager, with leadership by coordination. More than with the other authors, here attention is paid to the need of flexibility of enterprises for survival. If enterprises want to maintain their own, as a cell within the totality of society. Peters And Waterman reveal this aspect in the following manner, quoting a source at Hewlet Packard. (43)

...'We aren’t really sure what structure is best. All we know for certain is that we start with a remarkably high degree of informal communication, which is the key. We have to preserve that at all costs.'...

It is noted, that stages of innovation and improvement, hardly ever can be seen as 'black and white'. Bearing in mind the considerations of the Boston Consulting Group (c.1973), expansion of existing business will occasion new developments,
simultaneously demanding attention. (44) A somewhat limited angle is chosen by Henry Mintzberg, the sociologist, who publishes 'The Structuring Of Organizations' in 1979. Although he points in his foreword at the constraints he imposes upon himself, the question what first and foremost characterizes an organization, remains unanswered. Only later in the book the author raises the subject of the environment. (45) However, it is exactly this environment, where the buyers' demands originate and through the provision of services and products determine the type of organization. In this regard the line of thinking: philosophy, followed by policy with its consequent performance, becomes illusory. Moreover, the foreword, which refers to separate treatment of policy by the same author, does not clarify this point. (46) It shows that treatises starting from an organization as a given thing, tend to be rather static. The organization already exists, instead of still developing in accordance with the environmental needs. This causes Pugh et al to bring to mind the following: (47)

...'According to Mintzberg the management school has been more effective at training technocrats to deal with structured problems than managers to deal with unstructured ones'...

Although this exhaustive work also contributes to understanding organizations and their structures, it leaves several questions unanswered with regard to this principal issue. It is exactly the reason to return to it. It forms a corner stone in understanding: the profiles in management.

Peter Drucker, the lawyer/journalist in this party, approaches the matter in an entirely independent and new fashion. As early as 1957, he concludes in 'Practice Of Management' as regards 'tomorrow's manager': (48)

...'Increasingly he will have to learn to see economic, political and social development on a world-wide scale and to integrate world-wide trends into his own decisions.'...
He realizes, that scientific analysis, for many educational courses the only goal, is absolutely necessary, but in itself ineffective. Most writers also regard the activities in organizations as so specialized, that they must be executed separately in order to achieve maximal efficiency. Drucker rejects this line of thought as well. (49)

...'This is false logic. It confuses a principle of analysis with a principle of action. To take apart and to put together are different things. To confuse the two is grossly unscientific. For the beginning of science is the realization that classification, while absolutely necessary, does not tell any important fact about the nature of the thing classified.'...

In likewise manner he observes earlier in his book, that management and specialization are inseparable. For employees the problem is to find the right balance in relation to their particular position in the organization. (50)

...'Planning and doing are separate parts of the same job; they are not separate jobs. There is no work that can be performed effectively unless it contains elements of both. One cannot plan exclusively all the time. There must be at least a trace of doing in one's job. Otherwise one dreams rather than performs.'...

Very poignant is his observation of people's resistance to being employed on a job, whose purpose is not understood. He relates this to Taylor's 'scientific management' for blue collar workers as follows. (51)

...'The two blind spots of traditional Scientific Management explain why its application always increases the worker's resistance to change. Because he is being taught individual motions rather than given a job, his ability to unlearn is stifled rather than developed. He acquires experience and habit rather than knowledge and understanding.'...
Prior to this, he points at what now would be called sub-optimizing. Specialized work for employees may limit the individual's field of attention. On the subject of service staff managers, he says: (52)

...'But if these men are also supposed to run a service staff, they do not have time or thought for their real job: to consider the business as a whole and to think through the impact of every business decision on the areas for whose results they are primarily responsible. They are too much busy running a big administrative machine, much too concerned with the perfecting of tools and techniques, much too interested in pushing their particular 'program':...'

By addressing man's capacities and limitations in his description of practice, Drucker attempts to provide eye-openers. His first concern is the right approach to business. Then he deals with the obstacles that may block this approach. In the very beginning of his book he states. (53)

...'There is real danger that in retrospect the United States of 1950 will come to be like the Great Britain of 1880 - Doomed to decline for lack of vision and lack of effort. There are evidences of a tendency in this country to defend what we have rather than advance further; capital equipment is getting old in many industries; productivity is improving fast only in the very new industries, and may be stagnant if not declining in others. Only superior management competence and continuously improved management competence and continuously improved management performance can keep us progressing, can prevent our becoming smug, self-satisfied and lazy.'...

In all his consecutive publications, he focuses more and more on this matter. In 1985 he -again- remarks that practice is ahead of theory! (54) His is a plea to see business as a composite issue. Nothing can be left undone. However, depending on the circumstances, the policy must be established. Changing circumstances imply a change in the field of attention of management, and hence a shift in stress. Drucker describes practice. He indicates the kind of problems confronted and how these have been overcome. The abundant number of examples drawn from
practice and presented by Drucker, can be summarized in two points.

- The all-embracing character of management. Drucker, in a way, describes what management's attitude should be: attention for both 'width' and 'depth'. He goes on to explain when and where this deviates from theoretical analyses. These tend to go more into 'depth' than 'width', as they are confined to one or more specialisms. In this regards he tries to bring about a change in attitude towards theories concerning management.

- The absence of a generally applicable theory. Drucker, the journalist, points at reality. Although his readers will take the point and question the applicability of theories presented, he does not advance any new, more general theory. A thing Igor Ansoff and others do.

Testing his ideas against the basic patterns, etc. as advanced in this treatise, will differ from the manner followed for other authors. For the greater part Drucker's ideas correspond with the concepts and considerations set forth in this book. As far as the basic patterns are concerned, these can largely be found in Drucker's work. Extensively he elaborates on the market demands and the response of the enterprises. (55) Especially "innovation and entrepreneurship" pays attention to the new elan of young entrepreneurship as well as to competition and cooperation. His entire oeuvre is relevant to philosophy and policy. Performance, i.e. organization, is dealt with specially in his first book. (56)

With regard to the phenomena emerging on analysis of organizations, Drucker's information is less explicit. Possibly this is a consequence of the fact that he does not theorize. However, this in no way means that certain aspects, such as for example the employee as both manager and specialist are not considered. But the fact remains, Drucker says so
himself, again in his last mentioned book, that practice is ahead of theory.

People in organizations deals with a subject, which since Elton Mayo has received ample attention from many sociologists/psychologists. Mayo, often called the founder of the Human Relations Movement, points at the employee as a human being. (57) It motivated McGregor and Likert to fill in the concept of 'human motivation'. Management should be mindful of it when managing 'persons'.

According to these authors, the issue at stake is one of mutual acceptance. Accordingly, they see management as a 'relative' process. (58) Blake and Mouton make the link between people and organizations, when management is considered. (59) An optimal effect can only be expected when the style of leadership is based on long-term developments. Then a systematic program can be built. It enables employees to make their individual contributions. This attitude fosters inspiration and stimulates creativity with consequent innovation.

Argyris points at the maturity of people in organization. Changes in policy cause resistance. (60) These are the consequences of insecurity and a sense of being threatened, according to Argyris. In case there is a lack of positive response, this could lead to the demand for more directive and autocratic leadership, than desired by any one involved. Any occasion to participate is increasingly impeded in such a situation. Argyris goes on to point at the paradoxical aspect in organizations. (61) On the one hand maintaining stability is highly cherished. However, on the other hand cooperation for change is demanded. For the individual worker this means that the rules should not be interfered with, but at the same time, initiatives should be taken to improve the existing situation. This makes Argyris (together with Schon) propound organizations, which permit people to learn. By means of acceptance, interpretation, investigation and interpersonal communication, the employees are enabled to offer constructive contributions. And indeed, at an ever higher level. This would promote the maturity of the individuals and consequently the quality of the organization.
In this context Herzberg speaks of 'job hygiene' and 'motivation-hygiene' in connection with people's needs to realize their human potential. (62) What matters is the individual's working environment, the 'hygienic conditions'. It should express the appreciation for one's work. Moreover, the job itself should continue to fascinate, i.e. remain a challenge. This is only possible by increasing responsibilities. This should form the basis of organizational management. (63)

Jaques speaks of the time-span of discretion. (64) He makes employees with widely differing activities, mutually more comparable. He does so by pointing at the periods of time, which people cannot only control, but also deal with effectively. -I.e. measures taken should be effective within the period of time they stand.-

The above survey of what these sociologists/psychologists have written as regards the functionality of people, sharply shows the limitations of the field investigated, considered from the viewpoint of management. At first nearly all attention is directed at the human being in the organization. Later a deepening as well as a widening can be observed in the 'direction' of general interest. Still in most expositions, the 'human being' holds a central place. Less attention is given to the considerations between the employees' expectations with regard to those of the organizations in which they are employed. Something required to come to a synthesis with an optimal result. In the third instance the aspects of change in connection with innovation etc., and their impact on the employees are highlighted. What remains remarkable is the central role assigned to those human beings in an organization. However, seen in its totality this cannot be maintained. When starting from the assumption that an enterprise offers its services to its customers, it cannot be so than an organization exists for its employees. On the contrary. An organization is a 'tool of doing the business'. Business in response to the needs of an
environment i.e. a market. For this purpose people are required to make the organization function. Never the other way around. Here lies a crucial difference in approach. Not the people inside the organization indicate when changes are going to happen, but what happens outside the organizations. To these changes organizations should be adapted as effectively as possible. This is to say, always -somewhat- better than the competitors. The substance is to be found in how far all employees perceive the prevailing problems. The 'common danger' to put it differently, comes from the outside. It should be nothing more or less than a challenge. To that an answer must be found. Only if one is successful in achieving a satisfactory end result, the right of existence i.e. the continuation of the enterprise is justified. Essentially the issue of 'management' does not originate in solving the problem of how people find most satisfaction in their jobs. The first point is how the participants can most effectively contribute to the common interest. Only within this framework it is management’s task to put its -specialist-employees in such a position, that they can contribute to the best of their abilities. Not primarily for themselves, but for the common cause. Of course this cannot be uncoupled from satisfaction in the job. Concessions are required to achieve optimal results. Concessions from the side of the employees as well as from the staff, must clear the way. Only then will there be commitment and inspiration. This is not new. Seen purely from the business point of view this corresponds with the concessions made by suppliers and buyers, in order to do business. There also the aim is to create an atmosphere to enable the carrying on of business. At the most, the mutual dependence will be felt to a lesser degree. Although even here changes are in the air. The aim to come to ever more intensive forms of cooperation points in this direction. -One can think of principles such as 'just-in-time', etc.

Notwithstanding any differences, the objectivity (business-like character) with respect to cooperation between partners, remains the basis for consent. Be it internally or externally.
In 'The Organization in Society' Pugh et al take up the theme of writers who base themselves on the place of enterprises in their environment. (65)

...They have to conform to the needs and standards laid down by institutions other than themselves.'...

Organizations operate under pressures of a market economy, political decisions, legal restrictions, etc. In this connection Michels, as political scientist, points at the influence of companies, which have grown into large bureaucracies. Within such organizations the distance between top and floor literally and figuratively, increases. Unavoidably the differences in views and atmosphere between leaders and employees grow. Michels visualizes no other way out than breakthroughs, which are of a revolutionary nature. These occur in consequence of charismatic movements. (66) It is the reply to the occurrence of institutionalized oligarchies.

As a philosopher, Burnham, sees the emergence of the all-powerful 'managerial type', in the years before WW II. (67) They are the ones who wield power. He was writing round 1940. And much that has happened since could be construed, either way, according to Pugh et al. And therefore the question: 'Is there a managerial revolution?' remains unanswered.

Whyte, the journalist, who writes "The Organization Man in 1956, calls attention to people, who not only work for an organization, but also feel part of it. (68) He reintroduces social ethics. People try to adapt to the system in which they find themselves. However, they wonder less as to what and how they should adapt. On the contrary, they accept the conflict between themselves and their environment. In this way the agreement between the 'good team player and his team' is absent. For many Whyte sees self-expression as a motivating force. When no proper response is found, this leads to 'executive's neurosis'. (69)

From the economic viewpoint Galbraith applies himself to what connects buyers and sellers. He focuses on the field of tension between the two. They should offset one another and keep each other in balance so
as to guarantee security of existence for both. (70)
To decrease its uncertainties an enterprise will try
to control its markets. To a certain extent the
buyers become dependent. This calls for government
intervention. Especially of and when enterprises grow
to become monopolies, this will be the case. But then
the consumer is endangered by both huge
agglomerations and the state. (71)
Schumacher concludes, also from the economic
viewpoint, that mankind would have solved the
question of production. (72) Generally speaking,
economists treat this subject from too narrow an
angle. Larger corporations, producing at ever
increasing speed, are in the way of progress.
Especially in countries with a low level of
development, smaller enterprises would be more
suitable than larger ones. Any company's size is
dictated by its environment, as regards market,
technical ability, etc. Schumacher thus not calls
attention to the buyers, but also to the resources of
the an enterprise. (73)
Again a striking aspect with these writers is that
they always discuss existing organizations and hardly
or not new enterprises.
Small enterprises, finding a reason of existence in
economic developments and the consequent demands, are
not considered. Yet all present-day companies have
once started in that way. And still rejuvenation and
innovation create most jobs in business, as shown by
recent examples in the U.S. Only in the last 10 years
this subject has received attention. (74)
This survey shows which specific aspects of management
have been given special attention in the course of years.
Even though it is no more than a bird's eye view of the
available literature, it offers sufficient hold to take
stock. The reason being that rather than going into the
diverse subjects, an orientation has been given of what
areas have been dealt with. It shows, that nearly all
authors have limited themselves — albeit Drucker
considerably less. The testing of the entire system shows
this. —See figure 11 once more and also 13— No one enters
into the total connection of markets enterprises and
sources. This implies, that the changing circumstances at
the root of this, are neither considered. So that thinking
13. LIMITATION OF AREAS OF OBSERVATION
pattern, which should form the basis of management, cannot come to development. The business dilemma, ever present between expansion and consolidation is not depicted. Concessions made by parties both at the supply and demand sides, remain untouched.

This begs the question if the road followed so far will ever lead to a satisfactory result. The objection inherent in research in specific areas, on a limited basis, still remains one of 'deformation' or 'distortion' with respect to the outcome. For indeed, if the starting points or premises are too limited, it cannot be but the conclusions will similarly fall short of the purpose. More in particular for such a wide field as management, such part-results may form obstacles. Even more so if they are assigned too much weight. This has happened much too often, when considering examples such as MBE (management by Exception), Efficiency apart from quality, etc.

Another point worthy of note is that this manner of research may lead to omissions of subjects. For instance, when considering all 'Writers on Organization', the subject of 'Markets and Organizations' remains untouched. Notwithstanding the fact that it is here that the motive for the (continued) existence of an organization is found. As things are, it is what customers expect and management's response, which characterizes an organization.

Just as remarkable is the fact that the authors in marketing literature confine themselves to the area of demand and offer and related matters. Even the influences of third parties on the relation of an enterprise with its customers, such as competitors, advisors, suppliers, and government, etc., receive scant attention. (75) As Van der Hart points out marketing as a theory is rather isolated (1987). The lack of a framework, connecting the various functions in an organization, is the root of this problem. He states that within the area of marketing itself, the 'weakest link' is at the level, where 'customer and salesman meet'. (76) He feels supported by 'signals and statements from literature', amongst others from Bonoma (1984/85), Kotler (1985) and Leeflang (1985).
What can be observed, in essence means the following. Science requires, from a disciplinary viewpoint, foundation/proof by means of investigation for facts. In itself this is inviolable. However, if this happens with respect to subjects, which cannot be considered separately from a larger whole, caution is required. There is a threat of a fundamental error, which may/will lead to the said distortion. If the outcome is overrated, 'Zauberlehrlingeffekts' will be a consequence. Due to a lack of overview as to how matters may be interdependent, errors in thinking will occur. Finding the right course again is then not an easy matter.

The fact remains that in management education, one has to deal with a combination of subjects. The coherent overall system implies that the component parts will affect one another. Research into one single aspect, therefore only has relative importance. What matters are not the optimal results per component part, but the synthesis. A direct consequence is the willingness to also investigate the interrelations. i.e. an investigation which would go 'across' the separate components. Such an approach is 'at right angles' to limited, deep, specialist research, as it is still predominantly done, as shown in this survey. What should be taken into account are the uncertainties/variables of each part, in view of the ineluctable relation of each and every component.

Here is found a complication of a particular scope. Without doubt the search 'in width instead of in depth' will meet with opposition. Yet it will prove the only way to outline management's own identity. The 'profiles of management' are based exactly on that.

For the application in practice this immediately has effect. here also often one 'component' of an organization, one department, one executive, etc., is considered. More often than not without any knowledge of what prompted the establishment of such a 'component' in the first place. And moreover, in how far this is still applicable. Yet its very existence is the result of the entire organization's development. As a separate unit, albeit always within the overall framework of the
organization, it has been cut off. In this way the organization has been built up out of separate entities. This is the result of the way management has operated. 'How' given circumstances have been seen in the light of the philosophy has then -as well as now- led to the answer of the 'why' of certain policy measures. They require a 'fundament' as regards the 'what' of the implementation and performance. The trains of thought interconnect with what has been acquired in theoretical knowledge. Imbalances in knowledge as well as in experience will unavoidably lead to corresponding results. Especially this aspect will be further highlighted in the following pages.
14. BUSINESS AGAINST SCIENCE FIELDS

ECONOMICS

PSYCHOLOGY

MARKET

SALES

MARKETING

COMPANY PURCH.

ORGANIZ. TECHNICS

ENGINEERING

OPERAT. RES.

EC. MGMT.

ACC'/BUSSEC'

HUMAN REL.'

PURCH.

SOURCES
Disciplines in imbalance

The differing results from the previous consideration are the reason to further search for backgrounds, from which they originate. By looking for causes, ways for improvement are also found as a rule. In this respect business administration will be no exception.

A great many people have inquired into the problem of the ways, in which different disciplines can be brought to a more optimal form of cooperation than often seems to be the case. As early as 1938, Chester Barnard, former president of New Jersey Bell, writes: (77)

...The common sense of the whole is not obvious, and in fact is often not effectively present. Control is dominated by a particular aspect - the economic, the political, the religious, the scientific, the technological - with the result that (top) performance is not secured and failure causess or is perpetually threatened. No doubt the development of a crisis due to unbalanced treatment of all factors is the occasion for corrective action on the part of executives who possess the art of sensing the whole.'...

Even more remarkable is the fact, that this lack of control of the whole, is cited by the authors of 'In Search Of Excellence' as recent as 1982. (78)

Peter Drucker is perhaps even more explicit on this point in 'Managing For Results', in 1964, (79)

...'Major actions in every one of the economic dimensions have therefore to be consistent with one another. Conflicts between the conclusions of the various analyses have to be reconciled. There has to be balance between the efforts.'...

If the disciplines, which according to literature are most related, are set against the basic pattern of business, it will be apparent how widely standpoints and opinions diverge. Even to such a degree, that there is no understanding of other views. - See figs 14, as well as 11 & 13- A number of expressive disciplines are shown there against the basic pattern of business. Less significant disciplines have been left out. In view of the purpose of this treatise, they would not occasion a fundamental change in view. Testing them in this way against the basic pattern, shows where shortcomings occur. These shortcomings are at the root of the diverging differences in opinion. In this connection, the following must be noted.

... Only component parts become 'visible'. They are
outlined as 'islands' of knowledge and experience. For example, economists and engineers find it difficult to communicate. A consistent whole, which, besides showing a fixed position of the various disciplines, renders it possible to find their relationship - and what is more, in an optimal way! - is completely missing. Hence there is no question of any synthesis. The essential problem is two-sided. On the one hand, there is no common base in thinking; and on the other hand, there is a lack of receptiveness of the respective disciplines. This interferes with a treatment of company problems as a whole. There is no such thing as a beginning of a communis opinio as to how matters should be regarded. It will be obvious, that in line with accepted thinking, this will not be brought about through the specialisms as such.

Several specialisms do exist, i.e. specially as regards commercial activities, but they are mainly based on experience, on trial and error. They are not, or hardly, supported by a theoretically justified basis of knowledge - through training. Where technical vocational education as a rule knows 4 levels in preparation for practice, a similar system is nearly completely missing for commercial activities. Neither purchasing, nor sales, are on a par to the technical disciplines. There are no courses nor studies that can bear comparison. Meanwhile, it should be noted, that in the field of technology itself, some lack of balance can be observed. Relatively much attention is paid to research and design in comparison with the other technical areas. Any engineer has designed and drawn equipment on the drawing board. Some may have wondered -however, without expert guidance! - how these things could be manufactured. But only a few have seen and understood a production process behind it. The fact that all should be based on a synthesis of the technically best realizable, in combination with the economically most optimal and socially most justified solutions, escapes the attention of most students and tutors. If the various characteristics of matters such as single, small and series production, must be taken into account, instruction will only rarely be in the context of the larger whole of market and enterprise. Knowledge is then
still offered in the form of 'lumps' or 'islands'. Viewed in this way, the essential element missing is overview. 'How' market and enterprise as a mechanism in the totality, must be regarded and interpreted. Again, this is the central issue for consideration. The problems, again and again, originate in the difference in approach and level of parties, which supposedly are to cooperate. In consequence, those involved, cannot but fall back on their own, limited views and ways of reasoning, and act accordingly. They are, so to speak, 'caged' in their own part-system. It will then hardly be surprising, that information proffered by one particular discipline, can - and mostly will - be misunderstood by representatives of another discipline. The lack of fluency in a common business language (or frame of reference) is specially felt there, where the ultimate effects of individual activities are determined by cooperation. Something strongly felt in innovation and reorganization. The entire trajectory from purchasing via production through sales is not, or insufficiently, comprehended and therefore not properly appreciated. As stated before, education offers no solace. Starting employees cannot properly prepare themselves. The relation of their -future- role to the totality, remains an open question. Clearly this entails explicit dangers. No person can optimally function, when he does not appreciate the significance of his work for the company. To enable him to do so, motives are needed, which are based on the views relating to the common interests. If the latter, however, are uncertain, the individual's objectives will digress from the totality, as the entrepreneur envisaged them. In this way, widely differing, lopsided opinions and approaches will develop in one and the same organization.

The problem of intercommunication, as said before, is individually approached by personal experience and intuition. The resulting view will be too narrow from the business point of view. It is occasioned by the lack of common overview. As a result the attitude, and approach sought by representatives of different disciplines, will widely differ. Aspiring for solutions in this respect calls for an approach, which offers the people at the receiving end the possibility to intuit and attune in the widest possible business context. Essentially this means, on the
15. DEFORMED OPERATIONS CAUSED BY MISUNDERSTANDINGS

CUSTOMERS

PARTS OF THE ORGANIZATION

DEFORMED ROUTE

SUPPLIERS
one hand, that specialists are enabled to relate their particular discipline to a totality-in-flux. On the other hand, this requires generalists who are receptive of the specialists’ frame of reference. Team spirit is founded on understanding of the (policy) goal, for which the organization has been established, i.e. serving a market, or responding to a market demand. Each employee is bounded by this precept. Initiating cooperation between employees of different disciplines, should be based on it. It constitutes the framework within which, the tasks set out should be fulfilled. Through awareness of the relative contributions of the participants, mutual respect may flourish, which in turn may lead to personal satisfaction. It is corporate management’s assignment to promote this process. They must provide the information on the policy to be followed, insofar as this concerns the main lines. The objectives set by each department and employee, issuing from their tasks, shall be derived therefrom. From the top down, the specific goals will be more detailed and aligned to the respective specialisms. In the areas, where influences from the –direct– environment are no longer felt, this will be done at the discretion of the specialists available, according to individual perception as to how matters are. As long as individual perception of the issues is consistent from top to bottom, this ought to lead to optimal results. At this point is is justified to question the possibility of this indeed being the case. Is this not too fanciful a situation? For, the manner in which affairs are perceived and experienced, are based on individual knowledge, experience and outlook. This differs with each group and each person. This engenders dangers, which, if not warded off, will impair the agility of an enterprise. - See fig. 15 –

This is a universal problem. Each and every company will obviously be confronted with deviations between what is ultimately realized and what was conceived at the top.

Either misapprehension has made the lower levels fall ‘out of line’ with the intentions of general management. Which of course requires correction(s) at the spot.

Or general management realizes that the objectives set, are not attainable at the executive level. In this case, readjustment at the top level is to be
expected.

Or the procedural channels between the individual departments, etc., do not sufficiently match. Again, readjustment will be required.

For these reasons, control is an essential element of management. Only by detecting 'where paths diverge', corrective action will be possible to re-establish harmony in an organization, and maintain accord. The success of such action will depend on the 'playroom' available at the places, where corrections are introduced. The individual know-how must be applied to realize the demanded correction. The basis is in the agreement throughout all levels as to the way matters are perceived, as said before. Delegation of tasks to departments is based on this. It shows that delegation is effected not only in 'vertical', but also in 'horizontal' direction to the specialisms present. It presents a new element in the well-known ways of thinking on delegation. Horizontal delegation, so far, has escaped attention. Nowhere in literature, as far as known, is it discussed. It does, however, accentuate some new views.

In essence delegation comes down to committing authority and the associated responsibilities to an agent. Viewed in this way, this may, within the hierarchy of an organization, occur both in 'downward' and 'sideward' direction. Be it as it is, it by no means releases the authority transferring such responsibilities, from the obligation to remain conversant with the results of such a transference of authority. For, the tasks transferred must still be brought to completion in accordance with the tasks that remain with the original authority. Cooperation between units involved, can only then bear fruit, if both are informed. Or to put it differently, day-to-day cooperation only is effective, if either side knows what is required or attainable, respectively, and acts accordingly. The release of work to a subsequent level, therefore, requires an overlap in mutual understanding and appreciation or acceptance, that a helping hand be extended, whenever needed. Allocation of work necessitates teamwork, in order to effectuate a unity of purpose.

The consequences are two-fold.

For no department nor executive, exclusive, specialist knowledge regarding their own, direct
area, will suffice. For the sake of cooperation, i.e. the operation of an organization as a totality, a certain amount of knowledge, experience and consequently, identification with the activities of other elements, is necessary. Only then, the intended overlap for actual support, is accomplished. If it is absent, the lack of overview of the totality, and its consequent lack of insight in the various part-activities, will result in an incoherent organization. But there is more.

Besides its specialism, each element needs management for effective operation on the spot. Also for coordination, when cooperating with other units, management qualities are essential. It is quite conceivable that, especially in a border-area between for example two departments, ambiguities occur as regards the execution of business. Particularly, if this concerns activities involving customers' demands, differing for particular jobs. However, also in the course of more regular activities, 'surprises' will continue to occur, e.g. due to illness, machine failure, etc. It calls for managing acumen, initiative and creativity, to ensure a smooth operation. More often than not, the formula is not available. It is a matter of management to accomplish satisfactory results by means of consultation and discussion, on the borderline of disciplines.

It goes without saying, that this primarily concerns the responsibility for an undisturbed course of day-to-day business. Against the background of disturbances in running processes, undoubtedly interpretations per discipline will develop, which are not always in agreement. Precisely because of the difference in premise with regard to the matter, this can be expected. In such a case 'knots' will have to be 'cut' on a higher level. This is under the authority of the executives in corporate management, involved with coordination and day-to-day management, the 'administrational' management.

The 'entrepreneurial' management, which is more oriented to the future, will in contrast have a predominantly arbitrary character. Exploring new ways demands a probing in what manner the market will evolve, why a certain response serves the interests of the enterprise, and where the company's opportunities lie, with a keen eye to the company's capabilities. When regarded in this
manner, this will sooner lead to revision than to conservation of courses of action. It amounts to re-orientation or re-mobilization of know-how.

It is a remarkable fact, that notwithstanding the fact that various authors deal with this subject from different angles, there cannot be found a clear concord as to the eventual solution of this problem. Systematicness is called for to set the norms and thus create order, in what otherwise will end in chaos. So far, all are in agreement. Order is obligatory. 'Rules' have been made, and the 'participants in the game' should adhere to them. However, the inherent danger is based on the subservience to a system, once introduced. It is no longer controlled, but it controls the people. - 'Common usage' is determinative in this context. - With a certain slavishness the system is followed, instead of guarded and readjusted, where and when necessary. In such cases the earlier mentioned 'Zauberlehrlingseffekt' is at work. The organization lacks in 'authority', from top to bottom. Instead of being master in its own house, it is the hierarchical, formal system that is adhered to. -See page 55 (Argyris)-

But once the *alan* returns, when it is realized, that the circumstances have changed and breakthroughs to new roads are called for, the existing structure wavers. The appeal to the available expertise is considerably more extensive than before, when the system was more fixed. Authority now does not rest on hierarchy, but on expert contribution. This is outside any formality. It implies, that in changing organizations -and this is rather rule than exception- the boundaries between formal and informal systems will fade. As a result of new 'openings' for personal development, a fundamentally different involvement in the enterprise comes about. On basis of the 4 essential elements regarding fundamental, human needs according to the theory of Peters and Waterman (80) to wit:

'Carry weight, direct one's own existence, be a 'winner', and participate in forming views',

this should have a positive effect. As a forerunner Peter Drucker, as early as 1957 in 'The Practice Of Management', points at 2 aspects in this connection. (81) He proposes, that any task comprises the elements planning and execution and that, in view of effectiveness, these should never be separated. At the
least they should have traces of the least present element, in order to permit proper execution of the job. With regard to resistances to change by the worker, Drucker makes the observation

...that he is taught to separate activities, thus stifling rather than developing his ability to learn. He acquires experience and routine, not so much knowledge and understanding. Since he is supposed to do things, but not to know - let alone 'plan' - every change is beyond his understanding and therefore a threat to his inner certainty'. (82)

Oliver Williamson says in his book 'Markets And Hierarchies', in 1975, the following, (83)

...'In conventional estimates of scale economics, we have vastly underestimated 'transaction costs', which means the costs of communication, coordination and deciding'.

What all systems have in common, be it a living organism or a product of the human mind as a work of art, piece of music, painting, or .. an organization, it will only produce an effect, if the elements of the composition are in harmony with each other and the environment. Thus it is that such works, which are in a fixed final stage, age. Interpretations of music operas by directors support this thesis. For living organisms it is the brains and the nervous system, which bring about mutual harmony among the organs. This harmonization is adapted to outside conditions: cold, high temperatures, rain, etc. This can be compared with management, which is active both centrally and in the various elements.

If a system is to be practicable, guarding and control are purposefully adjusted to certain conditions. But as soon as developments outside the foreseen scope occur, the system as such must be revised. Including too wide a range of possibilities would accomplish too little, to be justified from the economic viewpoint. It necessitates 'adjustment by hand'. The organization itself can only cope with change, if it has sufficient flexibility in this respect. This has primarily to do with the quality of the internal communication. Only then it is the quality of the technical 'capabilities and capacities'. Thus the circle is closed. As starting point is taken the effect of an organization in its environment. This should be as high as possible. The basis is the determination of the employees' position, as personally experienced. If they are able to 'place' it in the totality of all activities in an organization, this will invite participation. Each individual then apprehends, what
interest he or she serves with his or her contribution. It does not fall short of anyone's expectations. It holds no threat; formally speaking, it accords everyone a task to fulfill. For the best possible collaboration, consultation is required. - It is here that communication begins. - Prior to action, to achieve collaboration; afterwards, to evaluate the results and improve upon them, if desired. This form of consultation is rather of an informal than a formal character, and offers flexibility to an organization. It is the flexibility required, to introduce changes of a higher order, such as course changes. These do entail threats. Individual positions can be put in jeopardy. Only if consultation is possible on a basis of trust, will it be possible to confront the circumstances. Understanding for measures to be taken can be expected. (Notwithstanding the emotions these may occasion.) -See page 55 (Blake and Mouton)-

To sum up, the foregoing shows the interrelation of specialization and management. And this is in force from top to bottom. The danger of one-sidedness is pointed out. In order to understand one another, all functions shall have 'traces' of the least prominent main element, be it specialist, be it managerial. This holds good for cooperation in either the 'vertical' or the 'horizontal' sense. Vocational education not set up to achieve this insight - and how often is this not the case - does not serve its students well. The same applies to e.g. publicity and training in companies.

What remains is the question, in how far the pattern described, can actually be realized in practice. This is a subject which will be enlarged upon further.
Intercommunication: a problem unto itself

Attunement of activities to achieve joint action aims, as explained, in the first instance at the exchange of information. More specially, it is the interpretation of the information by cooperating parties. This is elucidated further.

Providing information about a business or institute, however much to the point this may be, proves to be a problem unto itself. Even if the people who stood at the cradle of the enterprise, were available, and what is more be able to give a clear representation of the facts, still intercommunication with successors would pose many problems.

People at the receiving end lack any feeling or involvement as regards the information given. This concerns especially the philosophy underlying thought and action at first, also in view of the then prevalent circumstances and times. It is as hard as trying to relate an intensely emotional war experience to someone, who has not gone through a similar experience and can do nothing but accept it for what it is worth. Even if the listener does his best to imagine the experience narrated, yet he will remain an 'outsider' to the 'emotional' experience. It is notable, that when seasoned statesmen describe the history until their day, the account will be considerably more true to life and fascinating, than what seems possible in scientific treatises. In the former there is a command of affairs, an overview, which is a reflection of their own experiences. In analogy to similar affairs that have occurred, the writer makes the history his own as it were. Nonetheless it remains difficult to sharply appreciate the differences in circumstances between then and now. Without any doubt the scientific observer will, in consistency with his own position, provide a more objective, less 'coloured' presentation. But in this context 'less coloured' is the same as 'less colour', more placid and staid; with less attention to what occupied the minds in the course of time. (84, 85, 86) The implications of the above are experienced by every new staff-member upon commencement of a new job. Even though he were
to receive the most adequate information on the 'how and wherefore' of matters, which may or may not bear upon him directly, personal experience will be needed to develop a certain 'feeling'. Without it any effectiveness in his work is illusory, if not unattainable. Since what concerns him at this point, is not just picking up things where his predecessors left them. -With assistance- he will first have to get the feel of the place to find the right course. Only then will he be able to function properly.

An additional complication will be mutual understanding and feeling, if the backgrounds of the communicators show characteristic differences. For example, a person whose job was to sell to wholesalers, will find it difficult to sell the same assortment to industrial buyers. Generally speaking, in the former case the object is to obtain an optimal 'balance' between discounts and order quantities. This is determinative for booking the orders. In the latter case, it more often than not concerns assisting buyers in solving their technical-commercial problems and thus furthering his interests. If this leads to success, the products in question will sell themselves anyway! An essential consideration must therefore always be, the feasibility of such a changeover in jobs. Assuming it is possible under certain conditions, it will still require time, not only to obtain a right overview and insight, but also to cope with it personally. Only then the job can be properly executed. Simply providing information will not suffice. Even though this may be done by a predecessor, it remains a matter of personal identification. In likewise manner, a staff member upon accepting a line function, will find, that decisions are generally taken much faster, with more risks involved, than he is accustomed to. The circumspectuality of long-term decision-making of the staff department has made way for immediate, prompt reacting for managing day-to-day business. - It is exactly for this reason, that bigger problems requiring much time are 'passed on' to the staff for further investigation- If such a functionary is to succeed in his new job, more attention than is customary will have to be paid to these characteristic differences in work typology. Here
specialism is partly replaced by management. The advantages of fast decision-making must be perceived, as opposed to the temporizing, albeit more extensively considered, preparation by a staff. When it is decided that too many imponderables come into play, an appeal to staff employees is appropriate. To prepare him for this, collaboration with experienced colleagues to obtain the right perception of the 'why' and 'what', is indispensable.

In view of its special nature, a familiar, though by no means fundamental, problem will be highlighted.

The position of the newly graduated upon entering his first job deserves special attention. Although not fundamentally different from the preceding situations, it is worthwhile to point to the extra consequences of the change in status from student to employee. This not only concerns differences in perception and attitude as regards the norms, pertaining to work in a corporation, but also the lack of feeling and experience. Instead of reacting to practical problems through observation, collection and interpretation of data, followed by analysis of relevant interests, etc., mostly just knowledge is divulged... His tragedy, therefore, lies in the fact that his possibly correct, yet sterile views, do not connect with reality. This forms, albeit unintentional, a ground for conflict. When seen in this manner, there are two systems. On the one hand education and preparation for practice. On the other hand the need to be practical. However paradoxical, they hardly tolerate one another. Where the scientific-theoretical study is directed towards systems of postulates, the uniqueness of each business situation is disregarded. Practice shows that, exactly because of this uniqueness, it is reality that should best be taken as starting point. Only if a clear picture of affairs has been obtained, can problems be identified through interpretation. Adequate knowledge may make it possible to them by means of models. Mostly this will only partly be successful, due to the very uniqueness of each case. It needs no argument, that in vocational education, practical training in this respect is still largely missing. In combination with the, psychologically explicable, desire for
action after years of study, this causes the aforementioned tragic result. This 'graduate syndrome', as it has been called, seems very much the counterpart of the 'professor syndrome', about which more will follow.

It will be obvious that the knife must cut both ways. Professional training institutes and industry have common interests. In order to ensure graduates being properly prepared for practice, it is a precondition, that they are confronted with cases from practice throughout their studies. Only then the awareness will be awakened that the one affects the other. Such cooperation will bring about a cross-fertilization, from which both, education and industry will benefit. Statements to this effect by company people e.g.: "We learn so much in that way" speak for themselves. It has often been heard in the course of years of cooperation with enterprises. In the courses in question students regularly meet industry and trade. Initially this is required to complete case studies. These have been composed in such a way that, only if theory and practice are related, results can be achieved. In subsequent traineeships students work on projects in various companies. These form the groundwork for a final assignment to conclude their studies.

This approach shows, how much it is in the interests and part of management's task to see to it, that new employees and those changing their field of work, are enabled to prepare themselves properly. The effectiveness of the personnel depends on the quality of the timely given information and the experience gained prior to starting a job. It is required for optimal performance of the employee. For it should be borne in mind that the effectiveness of the personnel determines the organization's effectiveness. One of management's problems remains the reality of changing circumstances. To furnish up-to-date information, management calls the tune. This concerns company philosophy and the ensuing policy. All employees, it has been said before, should therefore adapt their attitude.

They all depend on corporate management's flexibility and alertness in anticipating the company's future position. Which must result in setting the right course to be followed. -Be it with or without the use of expert consultants. These experts, however, will only have an eye for the aspects within their relative field. The conception of a total, overall view and the subsequent
course to follow, lies in the hands of management.- Ultimately, it is in the individual's hands to determine how to harmonize his or her uniqueness in his or her work to the uniqueness of the organization as a whole.

It is revealing that science does not accord this subject the attention it deserves. Therefore, hardly any support from science can be expected for a full understanding of the matter under discussion. Due to its elusiveness, man's uniqueness, although deserving a fundamental position in psychology, is not treated. Especially in view of the deployment of humans in organizations, business education is left in the dark.

"If I want to learn something more about you as an individual person, then I must approach you as a unit, as a one, as a whole." says Maslow, in 'The Psychology Of Science'. This is preceded by his view on classical science. (87)

"The main business of classical science is generalization, abstracting what is common to all white rats or fish"...

To continue with, (88)

"Any clinician knows that in getting to know another person it is best to keep your brain out of the way, to look and listen totally, to be completely absorbed, receptive, passive, patient, and waiting rather than eager, quick, and impatient. It does not help to start measuring, questioning, calculating, or testing out theories, categorizing, or classifying."...

In his aim for 'enlargement' of science and not, as he expressly states, to destroy it, he observes —with vexation!—, (89)

"that many scientists disdain what they cannot cope with, what they cannot do well."...

perhaps most clearly he expresses his view in the following comparison, (90)

"It is tempting, if the only tool you have is a hammer, to treat everything as if it were a nail."...

It once more forces upon us the realization, that only careful observation will lead to a firmly based philosophy. Here lies the starting point for all subsequent action. Maslow's observations are writings on the wall for the development of thinking in business terms. (91)

As Chester Barnard, a former executive with many years of experience, writes in the conclusion of his book 'The Functions Of The Executive', (92)

"What I have tried to emphasize is the insufficiency of logical processes for
many purposes and conditions and the desirability of their development in intelligent coordination with the non-logical, the intuitional, even the inspirational processes, which manifest energy and enthusiasm."

Noteworthy is the fact, that it is the executives with many years of practical experience, who plead for a wider scope when approaching business. Barnard is only one of many. However, without much acknowledgement from science at first. Only in 1956, thirty years later, his work has received new attention.

Bernard Lievegoed underlines this fact in his psychological works. As witnessed by the following questions, which he proposes for himself and his colleagues, he leaves no doubt whatsoever, as to the amount of work still in wait.(93)


To quote just a few ideas, as mentioned by Lievegoed in 'The Course Of Man's Life'.

What this boils down to, is the quality of the organization. It is, as explained, directly dependent on the manner in which parties know to communicate, to intuit one another and compensate for each other's shortcomings. That this is no simple matter, has been shown. Science can only provide elucidation and support in some measure.
16. ENTREPRENEURIAL AGAINST SCIENTIFIC DECISION AREAS

Scientific decision making on a basis of certainty

Entrepreneurial decision making on a basis of risks, costs, and profits

Costs

0%

100%

Certainty
Contradictions in intention

The view that the scientific approach is the foundation for the entrepreneurial approach can only partly be upheld. As matters are, remarkable differences in the respective objectives pursued can be observed.

These differences find their ground in three principles, which appear to be in a certain relation. —See also p. 163—

. Certainty with regard to the profit principle. —See figure 16—

Generally speaking, the intent of scientific research is to establish fundamental rules based on observation and experience. Certainty as regards the outcome is considered the main, if not the essential criterion. Time and expenditure are instrumental to this purpose. For the entrepreneur this is fundamentally different. More often than not he will not be able, and what is more, not be willing to pay for the consequences of this 'search-to-the-core'. The time and expenditure involved in establishing insight and knowledge, must be weighed against the financial risks. Withdrawing too quickly, increases the risk of economic failure. Too careful maneuvering adds to starting-up costs, thus endangering an acceptable break-even period. Decisions to terminate developments, will therefore be taken much faster than is the case in scientific research. This shows the fundamental difference in intention. The entrepreneur banks on 'knowing for certain'.

'Timing' in view of the power principle. This related to one's own position in relation to that of others. Prompt reaction to the market, i.e. having an edge on the competition, involves commercial risks. If the entrepreneur is successful, he will be able to strengthen his position. If he is ahead of his competitors, he will find himself a leader. His competitors must put much effort in eliminating his lead. However, if he fails, his image will be damaged. The consequent advantages for his competitors will need no explanation. They will be in a position to turn his failure to their advantage. By entering the market as 'a better second', they may be able to take the initiative. However, this also depends on the name the product launched has achieved. Bringing to mind the explosions
occurring in new gas-heating equipment, it was not only the Dutch market leader who faced a set-back. The disadvantageous effects were also felt by the competitors. The impression that the product in question was unsafe, was more decisive than the name(s) of the supplier(s).

Even though image building plays its role in the scientific world, there the priorities are fundamentally different. First and foremost comes the discovery; uncovering the hitherto unknown. 'Making a name' is a consequence. If such a scientist were to give paid advice to an enterprise, his attention would shift to commercial interests and the related power base.

. Growth with regard to the principle of progression. It pertains to the opportunities for growth or expansion of an enterprise. When setting the policy of an enterprise, the entrepreneur cannot do this but by including the continuance of the enterprise in the long run. This concerns initiative with clear opportunities for future development. Survival has real meaning for those developments, which preferably open up an entirely new, promising areas. It is in the nature of things that this is balanced with the expectations regarding profit and market positions. The bigger the enterprise, the more the scales will be weighed in favour of the long-term prospects for work. If a science research institute is called upon for consultation, is a matter of decision by a company. Not the other way round. Science is oriented towards the interests of the subject. Entrepreneurship only shows interest if business results are to be expected. The 'subject' is a means or tool in this relationship. In its purest, i.e. most fundamental form, science addresses itself to the discovery and extension of knowledge. This does not suffice for entrepreneurship. Even though scientific research is regarded with interest by companies, who influence it by means of subsidies as for example in medicine, this by no means negates the principle. At the most this concerns applied research. And as such is not different from the first step for (fundamental) research into entrepreneurship. Essentially scientific research is unconnected to any practical use. Satisfaction with regard to the extension of knowledge is an objective in itself.
17. **Entrepreneurial Thinking**

**Against Scientific Thinking**

Diagram:
- Subject
  - Philosophy
  - Policy
    - Performance
  - Overlap
- Entrepreneurial Thinking
- Scientific Thinking
  - Sequence in Thinking
The aforementioned shows three differences in approach between science and entrepreneurship. -See figure 17-

. Science confines itself to one area or discipline in order to achieve results following from its objectives. This is in complete contradiction to the goals of entrepreneurship. There it is exactly the deployment of all relevant disciplines in managerial matters.

. Deepening of knowledge within such a confined discipline provides thus the intended scientifically justified results. This fundamentally diverges from entrepreneurship's objectives. There, all relevant aspects are mutually related. Complex reality is studied to be able to draw conclusions. This pertains only insofar as the risks to be taken can be appraised. (Should this prove insufficient, specialists can be called in for support from their respective areas.)

. Absence of considerations within the framework: philosophy - policy - performance, something quite outside the scope of science. In entrepreneurship this appears to be of essential significance.

The above shows that cooperation between entrepreneurs and fundamental scientists can nor will be without tension. Notwithstanding the fact that this subject has received more attention during the last decades - i.a. from industry and vocational education - this point will not be without complications.

Prior to any initiative in this respect, it must be accepted that one has to deal with two independent 'cultures'. -See figure 17.-

In its considerations the scientific approach, perhaps with the exception of subjects in the domain of philosophy, is characterized by analysis. This implies an ever deepening form of convergent thinking. And as such, as was said before, within limited areas, which are considered to be either static or variable according to fixed rules. This is not so in entrepreneurship. There all related aspects are considered. And, what is more, in their mutual relation. Since this relation is influenced by a changing environment, these aspects are not relatively fixed either. They form ever-changing configurations under outside influences. Thus the sales department will get a better ear in a 'buyers
market' than in a 'sellers market', with its dearth. In the latter market, the production departments, providing the required products, will play a dominant role. Entrepreneurship therefore is for ever concerned with an optimal interplay of factors under changing circumstances. Such a culture requires an overview, a 'helicopter view', highlighting all aspects, which at any one time play a role. It calls for creativity to see the uniqueness of any situation and to be able to act upon this view, so as to find the right combination for the most optimal approach with regard to the environment of an enterprise. This leads to divergence in thinking and acting. Since an established pattern is missing, risks must be considered. A 'final' situation is unattainable.

Only that which is of remaining value, i.e. which does not change 'uncontrollably' in the changing circumstances, can be of interest to science in the field of entrepreneurship. Should there be a need for more fundamental knowledge, scientific sources should be consulted.

For either culture the common interests therefore remain limited. It will not extend beyond that of knowledge. As a rule this implies no more than an exchange of a part of the available knowledge. Entrepreneurial attention will be focussed on scientific data, insofar as these can be applied to the present business problems. For analogous reasons, science will exclusively pay attention to its particular field.

Real understanding of representatives of either culture will also be impeded by both the differences in purpose and outlook. Thinking and acting show too many differences in disposition. In this connection one can think of examples from history, which show the problems experienced in the transfer of knowledge from one culture to another. It goes without saying that this does not solely concern the field of study. Even moral tensions occur. Familiar are the complication in the development of nuclear energy. Many scientists have been confronted with the moral aspects once the possibilities became manifest in practice. And it has taken quite some years before the image of commerce took on a less negative connotation in engineers' training. As matters are, only the eighties seem to have brought some change in this outlook. Since 1985 commercial-technical training courses actually seem to be taking shape. However,
the odium that commerce is 'dirty', still lives with many. In spite of this resistance towards cooperation, everybody will sooner or later come to realize that only synthesis will open up opportunities for continued existence. For, the challenge facing us is often too huge to be completed by one man or group. Historically this has led to separations according to capacities and specialisms. When all factors and interests are weighed, the realization that the results of the part activities after all form part of a larger whole, cannot but tip the scales in favour of collaboration. The central issue at this point seems to be which party must be dominant and state the conditions. Differences in view on common matters could lead to confusion. This will happen if standpoints imparted do not agree. If on top of that the impression is created that 'matters could go wrong' if the 'opposite party' had its way, a direct threat will be assumed. Particularly such a situation will lead to undesirable discussions which escalate into 'overruuling decisions'. Thus an escalating feedback chain is started.

To account for this kind of situation, it is first of all required, as established before, that the general objective of a company be based on a basic philosophy, similar to all. Partners must meet there. It is not intended that they share each other's opinions. Rather agreement on basis of mutual understanding and feeling. This demands an overlap in thinking in disciplines of partners. The fact that this seems to be most lacking, especially in most specialized courses, needs hardly any justification. Particularly in the past few years, in Dutch industry the realization is catching on that this impeded many opportunities for cooperation between differently trained executives. It weakens the company's position relative to its competitors. Remarkable is the expansion of courses and training the with exactly this objective. This is also borne out by the increasing number of technical engineers, who after having worked for a number of years, see the need for advancement in business administration, a field they are not conversant with. Often they are encouraged by their employers, who ever more realize the exigency for such knowledge. If and when the curricula include training courses in specialisms other than the participants', the latent need is clearly seen. A clear overview of one's individual task
within the framework of the entire organization, seems to have a liberating influence. By meeting, as it were dormant questions, a cleansing is achieved as regards one's individual contributions in the company. The individual position is rendered less vulnerable. More knowledge and understanding, i.e. more openness than before, will be available to attune to differently oriented disciplines.

At the start of this chapter, science and entrepreneurship have nearly been presented as two extremes. The purpose was to define the cultural differences, flowing from essentially differing disciplines, as clearly as possible. Meanwhile the examples will have made clear that this fundamental difference causes similar difficulties in less divergent disciplines. For, it is not only engineers who feel a lack of basic knowledge when cooperating with economists, the reverse is also true, and so on.

It is doubted if in general the consequences of subdividing work is fully appreciated. It not only requires extra time to create new cooperative relations. In the interests of the enterprise, time is also required to become aware of the thinking of partners, who both in view of knowledge and management have to go their own way. The dichotomy in entrepreneurship and science here surfaces for each sub-unit. Various authors, each from their own point of view, have approached this problem. In this connection Williamson has been named, when he mentions: 'underestimated transaction costs'. -See page 73-

In their book, The Art Of Japanese Management, Athos and Pascale extensively deal with both the positive and negative effects, when talking about communication. They put the essence in cooperation on trust. (94) An extensive reading of i.a. Ed Carlson's manner of management with United Airlines, shows the following in this respect. Upon starting as vice-president, Carlson faces the dilemma of having to change the characteristic structure of the company, while maintaining the discipline in service. (95)

"How does one create a breakthrough and people willing to take the initiative, who still acknowledge the authority and responsibility of top management for their decisions?.."

He forever looked for this in 'meeting with the personnel'. He also demands this from his staff. The result is that 'not many top executives spend their time behind their desks'. 
This leads to 'good motivation' of middle-management, once it realizes that 'it really influences the course of affairs'.(96) According to the authors, this makes a mechanic say about Carlson.(97)

"Carlson was a man of flesh and blood. He came out to see us at work and took the time to learn about our problems".

To add to this,

"Less pent up bitterness and rage which so often cause strikes".

The authors point out that such a style of teamwork creates expectations, which are hard to permanently satisfy. Carlson's successor, who, being insufficiently prepared, works 'differently', faces the 'aftermath of disillusionment'. The reaction is then: 'costly and times nearly explosive'.(98)

Yet this does not induce the authors to put aside the conduct followed by management as inadequate. On the contrary, they point at the scope for improvement by involving executives in policy and management of an enterprise.

Besides alluding to Japanese enterprises such as Matsushita, Toyota or Sony, they mention American IBM, or Delta Airlines to demonstrate how involvement of personnel leads to interaction, i.e. exchange of experience. Simultaneously pointing out that paying attention to staff requires considerably more time than most Western companies are prepared to spend. This has been said before. -See page 75.- In the end individual commitment depends on mutual trust...

What is lacking in the words of Athos and Pascale, is (99)

"the real satisfaction of give-and-take".

Unanswered remains the question to what degree people realize that the appreciation of mutual dependence is the basis for cooperation. And that exactly on that basis the individual's contribution comes truly to the fore. It will permit improvement of one's own position amidst colleagues, provided it is founded on the trust that no misuse is to be expected.
It will be clear that intensifying the relations holds profound consequences regarding the freedom of performance of the individual employee.

A better idea of each other's way of thinking and acting creates more possibilities for criticism. Especially if any criticism expressed is experienced as unjust, it will be felt as threatening. In such instances one will proceed more cautiously in providing information, i.e. less openness.

Ambitions for power, or defence of one's own position e.g. in critical situations such as reorganizations, underlines a relation based on mutual dependence.

The fact that mutual relations are not fixed, but change with the developments of the company and the people themselves, adds to the complexity of this subject. On the one hand it concerns the interpretation of an ever-changing company, both inside but especially outside, by employees with differing backgrounds. This must needs call up tensions. For it would be miraculous if all partners simultaneously perceived the same and proffered the same conclusions. Albeit similar conclusions as regards the common interest. And even that argument can hardly be upheld when it concerns individual with different backgrounds.

On the other hand, such employees sooner or later perceive that such changes sometimes are advantageous and at other times disadvantageous. There may occur shifts in policy, which either strengthen or weaken their position. The difficulty for the individual to make this concrete in relation to his equals on his own hierarchical level, will be appreciated. It entails deciding who at a particular time should take the lead. This can only be directed by management. There lies the responsibility to designate the specific targets in consideration of the overall view. On the basis of the information accumulated from all directions, a coherent picture of the company's actual situation must be composed and kept up-to-date. The management carries the final responsibility both with regard to the quality of the information accumulated and the final conclusions drawn. This cannot be left to any single
Of course such an employee can ask questions as to how his superiors see his position and future activities. By indicating the relations to other employees, general management should explain the consequences of the policy followed for them. That is to say, what their individual contribution is to be. Further interpretation is to be left in their hands, each being an expert in his field. If and when they meet with insurmountable problems, there should be opportunity for feedback. An open-minded environment is then a prerequisite. That again is up to general management. There directives are issues; there progress as regards implementation should be monitored. And in case of failure the impediments should be eliminated or new ways indicated. If feedback is insufficient or receives scant attention, aberrations can no longer be avoided. Management will lose its grip. How often is it not exactly this that is the matter? The rapport and affinity of leaders with the lower regions is one of the weakest links in organization. The root is the minimal attention for the needs of the workers. More often than not little use is made of the information available at those level. It is left unused. The result is an incomplete picture of what is happening there. When decisions are taken, either the employees do not fully understand or there is the risk of incorrect decisions. Thus the alacrity of the enterprise is undermined.

Numerous authors have pointed at the necessity of 'keeping the finger at the pulse'. Management should be posted and remain posted of what is living in the company. It is a precondition for 'good management'. It means that time must be taken for consultation in two directions. First, to receive information to distill a picture, and subsequently come to an assessment to announce -in consultation- those measures, which are expected to be most successful. The mechanism under consideration, comprises on the one hand the answer to what is desirable for the enterprise and on the other hand the solution(s) the organization is capable of. The latter not only because of the potentialities of the system, but also in view of what individual executives can
system, but also in view of what individual executives can cope with in a moral sense.
In his book - first published in 1938, and which because of its value was reprinted for 29th time in 1982 - Chester Barnard says in this respect.

"...The instability and failures of cooperation arise from defects in each of these classes of processes separately, and from defects in their combination. The function of the executives are those of securing the effective adaptation of these processes."

And in his complete oeuvre, Drucker again and again points at the necessity of leaders of organizations to know and fathom the feeling and workings of their organizations.

In his later work he explains with numerous examples how difficult it is to start up modernization and innovation by means of the same - bureaucratic - organizations required for producing accepted products.

The conclusions of Peters and Waterman agree on that point. Actually, all warnings point in the same direction.

As is the case, entrepreneurship is based on three intentions.

Continuance of the enterprise. I.e. amidst its ever-changing environment. It is part of that environment to which it offers its services. Similarly it has to attune to its ever-changing pattern.

Readiness of third parties to support the enterprise. Or to at least not oppose it. Initially only the people directly responsible were involved: money-lenders, human resources and suppliers. Later on other groups became involved, e.g. government, interest groups, etc. Of course each with its own insights and viewpoints. This has created the need for public relations, to explain to others how matters are regarded and the consequent policy. When and where this leads to more mutual understanding parties will tolerate one another, as opposed to a situation in which silence is maintained.

Motives of each and every individual. In the course of time our demands have increased. Jaques et al see
authorities is seen as the last word. Increasingly, individuals act upon their own decisions. With an eye to their personal fulfillment. Briefing higher developed personnel will therefore to an increasing extent have the character of deliberation, i.e. elucidating the backgrounds, instead of orders which are to be executed without comment. The 'certainty' of a 'leader', knowing what is good and who can be trusted, is disappearing. Progressively guidelines are used instead. The staff will have to act upon them according to their own initiative, knowledge and insight. And, what is more, is willing to do so. For, the accomplishment of results appeals to individual needs of self-respect, whereas such results at the same time satisfy the needs for influence. When the application evinces their usefulness.

It will be obvious that only of these three intentions are in harmony, they will reinforce each other. That is what determines the final success of the enterprise. The two extremes should therefore be aligned. Since the readiness for cooperation is the consequence of the intentions of an enterprise, set against the party balances the pros and cons.

A noteworthy aspect is that in literature more attention has been paid to acceptation from the supply rather than from the demand side. This specially holds for the sociological point of view. This may give rise to the impression that a company or institution exists for the sake of its employees. This is completely beside the truth. If the foundation of an enterprise is called to mind, the essence is to offer services or products that meet a need and as such are accepted and purchased. All finds its origin in the environment's demands. The opposite is certainly not true.

It is pointed to the influence of third parties. They are the ones who, because of their own interests, may feel called upon by the actions of enterprises in their markets. This will not only concern for instance competitors, who may
feel threatened. They will be impelled to adopt countermeasures. The opposite will be the case with, for instance the suppliers. Similarly in a wider context there will be forces, which may cooperate or oppose the enterprise. A government expecting encouragement of employment, for example, will be diametrically opposed to an interest group alarmed by what they regard as adverse effects on the quality of living conditions.

For many enterprises this has been an occasion to become active in the human relations field. Again what matters here are the consequences, rather than the causes.

In no way the fundamental motive of entrepreneurship, viz. respond to the market demand is invalidated. That remains the unswerving objective of management.

The mechanism for this purpose is explained below.
18. MECHANISM BEHIND AN ENTERPRISE IN A MOVING SOCIETY

Meeting of Demands

External Cooperation

Internal Cooperation

Satisfaction of Individuals
System
Mechanism

As stated before, no enterprise nor institute etc., can be
deemed 'static'. As part of its environment-in-flux, it
should be in harmony with these surroundings. Continually
adapting. It is also pointed at the dynamics intrinsic in
each and every enterprise, in order not to lag behind. It is
part of a continuous field of tension.

This is the reason to pay further attention at the mechanism
that keeps and enterprise in 'movement'.

As pointed out, the functioning of an enterprise is dictated
by three main elements. And these form a fixed hierarchy. -
See figure 18. -

. Firstly, the reaction to the demands of markets by
means of appropriate services and/or products.
. Secondly, producing (entirely) new services and/or
products. This will only make sense after assessing
third party interests. For an achieved balance of
participating parties in a market is disturbed. If the
counterforces released are too large, the enterprise's
own initiative will be limited.
. Thirdly, acceptation of activities by the own staff. A
second limitation is the result of the preparedness of
staff-members to actually execute the proposed tasks.
For instance, work considered dangerous or menial, will
not be in ready demand. (Of course alternative
solutions can be investigated, such as robots, etc.,
but these are dictated by economic restraints.)

Seen in this light, a universally valid pattern comes to the
fore. Building on the basic pattern of doing business,
binding for any enterprise or institute, nothing else is to
be expected. Only if the unique aspects, distinguishing each
enterprise, are considered, do roads divide.

The significance of entrepreneurship, generally speaking,
finds its source at the servicing of markets, offering
proper perspectives from the business viewpoint. Albeit
under certain conditions. These conditions are imposed both
from without and within.

Changes occurring in one or more of the three main elements,
will keep the mechanism of the organization in movement.
What it boils down to is the proper attunement of external and internal conditions and keeping them so. In this way the control of an organization is determined.

In the first instance this concerns signals from the market place. These should be observed and related to the previously acquired insights and thus translated into the interests of the enterprise in question. In this management has the initiative. If required it is assisted by specialists. This concerns the working out of problems brought forward in the various specialist fields.

Essentially the success of entrepreneurship is determined by the degree to which buyers wish to accept the services and/or products offered. Without consideration whether this concerns material or immaterial considerations. Especially consumers will be guided by the latter. Buying companies, on the other hand, will rather be guided by economic principles of profit and loss. Supplying enterprises will approach this matter on the same lines. Here profit and loss will also be the guiding principle. And not only materially, but also immaterially. This bears on the satisfaction of the people employed. Workers and leaders alike want to experience satisfaction in their work. In view of the actions of enterprises to remain in line with market demands, this is not always guaranteed.

If for all parties concerned the balance in responding to the market needs is favourable, this is where the starting point for actually doing business is found. It starts and maintains the entire mechanism in an organization. So far the universal aspect of entrepreneurship has been dealt with.

As observed, it is exactly the unique aspects that distinguish enterprises. In the course of its existence every enterprise has gained experience, both with regard to its relations and internally, in finding solutions for problems encountered. On the one hand this can be traced back to the people in an organization. Individually they all differ. Not only as individuals but also due to training and experience. In other words they are 'programmed'. Therefore the divisions in which the (co)operate will differ from company to company.
On the other hand each enterprise has its own history. The consequent place it has established in its environment, with the historical organizational set-up, are facts that cannot be left out of consideration. Together these form the starting points from which it should be advanced.

Thus each enterprise sails a course and develops in a way distinctive from every competitor. On the basic pattern of doing business with its universal applicability, unique characteristics should be superposed. This should be done as follows. Commencing from the composition of the organizational community, with respect to the individuals participating, a picture should be composed of the view of business, i.e. 'philosophy'. From this arises, as explained before, a 'policy', which leads to the 'performance'. In this way the mechanism in an enterprise is controlled and adjusted according to the situation. This will show conspicuous differences per company. The French automotive industries put more stress on comfort than on quality of the material. The Swedes give a high priority to safety, and so on. This again will show in the approach to the sales, maintenance, repair, etc., notwithstanding the fact that the products in question are similar. This implies that the intentions with regard to servicing a car market agree, but the basic concept differs in view of the difference in market interpretation. In the overall corporate management sometimes the coincidence of matters can be seen. In 1914, when Henry Ford offers his workers the 'Five-dollar day', for those days a reward unheard of, this creates quite a stir. It not only enables him to attract the best kind of worker, but also creates goodwill with the buyers. (106) The publicity, both positive and negative, promotes the demand for his products.

Frits Philips also experiences that the establishment of small plants in less developed countries, appears to stimulate starting-up sales. (107) Media coverage, for instance in African countries, of new industries have a highly topical value. They attract attention. Especially if something special can be reported. In this case the favourable labour conditions, the attractive planning of the company and like aspects.

These are examples showing how much internal and external conditions may bear upon one another. Proper consideration of the situation and the time forms the 'key' to success. -
Whether this always done consciously should be doubted. Corporate leaders cannot be denied a certain degree of idealism. But this is less relevant. What counts is the phenomenon as such. Often apparently unconnected matters—in the totality of aspects—still appear to show a relation, which under certain conditions even can be critical. As shown in the examples, an appeal to popular current feelings.

The fact that the conditions under which enterprises operate change, necessitates a continual reassessment of standpoints taken up, if not complete revision. Alert (re)acting to changes in the surroundings should prevent falling behind. This not only holds with regard to responding to prospective—customers’ demands. It also concerns to become and remain strong with regard to the competition.

The consequences for the organization of an enterprise are twofold.

First, informing, discussing the activities and consequences of changes introduced with staff-members and achieving consensus. Only if they see and accept the usefulness of change, will they effectively contribute. Alignment naturally takes time. It not only concerns an overview and insight into what the consequences are for the changed field of each executive. It is also a question of achieving synthesis again. The tasks in the various fields must be aligned again. The latter is most difficult. If only attention is given to the specialistic nature of practically every department of an organization. Salesmen, who know what lives in the market, as they have built up a feeling to deal with diverging interests and characteristics of customers, will hardly be able to impart this to e.g. production workers. The last-mentioned, on the other hand, will find it hardly possible to make salesmen aware of the production situation. General management should try to bridge these gaps. At their level more is overseen. A precondition, however, is that representatives of all departments have sufficient ‘band width’ to be receptive for arguments relating to other departments than their own. That it is exactly this which is often lacking, hardly needs
any comment. In this connection it is pointed at the limitations that education imposes with regard to market and entrepreneurial policy. More often than not this is not dealt with. If the self-imposed restrictions of e.g. technical/vocational training with regard to market and entrepreneurial policy are brought to mind, this will be clear. Later on engineers have not been in (or given) the opportunity to view their own job in the factory in relation to the customers' demands. Just as economists in that same factory, because of a certain shyness, keep a large distance from technology.

Second, introducing measures into organizations. This also requires time. Even if there is common agreement about the need for a change in course, only then the mechanism as such is considered for revision. This starts with designing plans, constructing, costings, etc., all resulting in the execution, implying i.a. financing, building, starting up operations, etc.

Changing the course of an enterprise is by no means an easy affair. An organic adjustment without more will not suffice. New staff, reallocating staff, even if accompanied by special training courses, by no means guarantees success. However, this mostly as far one will go. Even if such a reorganization is based on a well-thought out revision of the mechanism, which must produce different services or products, it can impossibly be sufficient. At least if this has been decided within a small specialist circle.

For, the ultimate purpose is to make the executives in the line organization take care that an optimum can be achieved by reallocating different jobs. It is pointed at the nearly autonomous position of each individual, if the borders of his or her operational area are taken small enough. To this should be added the adjustment, when and where work passes to a colleague. At those places more people should agree or come to agree.

Essentially the matter is the understanding of how circumstances develop with regard to an organization, why this necessitates a change in course and what the organizational consequences will be. In other words, the organizational mechanism should remain effectively attuned to its environment. To this effect, beforehand, a vision should be formulated as to the opportunities and dangers that may occur. On basis of this formulation the lines
towards the future can be plotted. The right of existence of any enterprise follows from this consideration, i.e. synthesis of progression, position (in relation to interests of thirds) and profit, for this is what the final outcome should be, as concluded before. Such an assessment can only be made if in the time available for an enterprise, without endangering its existence, sufficient information can be collected to oversee the risks to be taken.

It will be obvious that this information should for a major part be obtained from the executives. Possibly, further investigation may be deemed necessary. However, this will be directly occasioned by initiatives taken within the organization. This goes to show the individual character of both input and proposals as to what is to be done. Since this is based on education and personal experience, it stresses the uniqueness of every business community. This distinguishes, as was said before, each organization. Thus the images formed, will be clearly 'coloured'. Besides, motives of an exclusive personal nature cannot remain unconsidered. Human aspects such as prestige, jealousy, strife for power or pure retention of one's income, play their part. Although these influences cannot be denied, these points will not be considered here, as said in the preface. (Moreover, literature in this respect shows that (as yet) they can hardly be 'applied'.)(108)

A remark from personal observation may be appropriate. Of course this is connected to what others have put forward. However, they always point at the fact that in their investigations, they could not but start from existing, established enterprises.(109) But this is exactly the matter concerned. Most companies exist in a dynamic environment. And this is rather increasing than decreasing as a consequence of the ever faster changing market demands and offers, respectively. As a 'cell' in such a complex environment an enterprise cannot be viewed as static, if it is not to lose its right of existence. (See also page 17) It entails a limitation for the value of investigations like these. In cases of change in the mechanism of an organization, it is especially the threats felt by the staff in consequence of uncertainties. Whereas previously an organization has developed, which had a satisfactory mechanism, in view of processing and supplying products in demand, this would be less likely in the future. All
exertions thus far made to arrive at an efficient mechanism, would thereby be invalidated. Including the know-how built up.

It will be evident that established positions of executives will be endangered. Resistance to change can therefore be considered no more than perfectly natural. The problems concerned must be faced by the management of any enterprise, once the situation requires this. The issue at stake is concentrated on the point of keeping people, uncertain about their future, motivated. It will be evident that from the business point of view, this is essential. It is the staff-members who, with their knowledge and experience, must provide the information regarding the changes to be faced. Moreover, most of them will have to carry out the new tasks. -Perhaps together with new people.-

In this respect the way to be followed will show itself. By involving them in the entire process of change, two problems are solved.

- Involving the staff implies acknowledging their authority. This is achieved by listening to the information they provide. It creates a basis for trust.
- Taking executives seriously in the way, will make them less guarded when they are not quite certain and (may) make mistakes. It releases their creativity to take initiatives, even if this involves taking risks. The openness with which matters can be discussed, will ensure they are discussed when risks are involved.

This in no way means that cooperation from top to bottom would be based pre-eminently on social considerations. When situations in times of crisis are considered for example, this could not be maintained. In case of danger, leadership is 'more readily' accepted than under circumstances regarded as 'safe'. Courage and determination have a positive effect on feeling of uncertainty. It is pointed at the overflowing churches in enemy invaded territory during WW-II. Heroism is characteristic of crisis situations. Democracy, which flourishes in peace and security, however, makes many think and act together in the process towards decision-making. But decisions will only be taken by those who 'put out their necks' or 'take risks'. When the 'way back' is cut off and the 'go no go' decision is taken, this normally spoken happens in relatively much solitude. (110)
Leadership is accepted and respected by executives, albeit on condition that they are also seen in their own right. Strictly speaking, agreement in this respect is not of so much significance. If only it does not lead to people having their own way, not even the appearance of that. Because that will be regarded as not taking other people's opinion seriously, and as such the person himself. What is expected is maximum support of the personnel by the management. Not only on basis of business interests, but also in the field of mutual relations. The Dutch soccer team at the European soccer championship 1988 can be taken to illustrate this point. Accepted strong management and an optimal team spirit made the superior play of this team finally win the victory.

A totally different example comes from the international political complications between the USA and BRD. The former Kanzler Helmut Schalidt writes in his book "Menschen und Mächte", how he felt sometimes 'hurt' as government leader, both politically and personally by the White House. He points out how at various times he was confronted with facts accomplished due to ill-contrived action. In his book he has mentioned the US always as the fully accepted leader of the Western Alliance. But the decisions made without prior consultation, often accompanied by an inconsistent policy, have caused him trouble several times. Sometimes to his own 'disgrace'.

These greatly varying examples may show the importance of acknowledging the human dignity, rather than who 'plays the first violin'. Any group is extremely sensitive in the first situation; it tends to accept the second as a logical consequence of the given circumstances.

Any management must therefore take the situation found as a starting point. On the one hand this concerns the enterprise, on the other the community, of which it forms part. The possibilities in either situation are numerous. How the one acts upon the other, shows a superposition of variables. A firm theory, except for a number of basic rules, can thus not be given. What it comes down to is a subtle 'feeling' of the internal relations, and a business-like eye and judgment of the external conditions. Unpredictability of people as regards their motives and influences upon each other in combination with what happens outside, require that management be extremely alert and even more, wise as to what is and what is not achievable. This means the political element in decision-making.
Returning to an enterprise facing the necessity of breaking new roads, the following situation appears. Or, for that matter, a picture of what (might) often happen(s) in these times of ever faster changing market demands. In the days past products have been produced by means of a mechanism, which has become ever more adapted or evolved. From the moment the products were successful, this objective has been achieved ever more efficiently. According to fixed guidelines (scripts), the aim has been to serve the customers as favourably as possible as regards quality and price. The mechanism has so to speak become 'bureaucratized', to prevent unpleasant 'surprises'. Discipline of the staff, i.e. complying with established standards, is highly appreciated.

However, this is in direct contradiction to the ad hoc situation that occurs if vision on market and enterprise changes in such a way that new products, in a changed mechanism, are the result. No longer the faithful execution of tasks to a fixed pattern is what counts. Now an appeal is made to ingenuity, i.e. creativity and initiative to bring, first and foremost clarity in the new matter and subsequently contribute in finding new ways. Naturally, each and every person within his particular expertise. Nevertheless, in the discrepancy between adhocracy and bureaucracy lies the problem, which cannot be bridged without more. The conservative, analytic thinking, addressed mainly at refinement and precision in acting, must so to speak make a 'turn-around'. No doubt in assessing the changed circumstances, an appeal to analytical ability will be made. However, the search for new 'openings', leading to vistas entirely different from those hitherto seen, demanding original solutions, requires an approach diametrically opposed to the one desired thus far.

Executives, confronted with this changing situation, cannot but experience it as threatening. The sudden requirements, which must be regarded as completely foreign to anything experienced so far, must have repercussions. Becoming accustomed to the new situation therefore requires patience and time, to readjust. Only if through acceptance rest has returned, will the road be free for creativity. Only then will it be possible to address the challenges. No enterprise
can bypass such tours de force. The issue is to promote an atmosphere of tranquility, and in this relaxed ambience ingenuity will find its way to innovation. It goes without saying that this is management's prime task. (112) By creating 'space', which apparently takes time, matters will be sped up rather than slowed down. Naturally, this is not an isolated factor.

Every specialist engaged will work on those issues within his own field. Therefore he is limited and will 'only' offer part-solutions in relation to the overall problem faced. This entails that more experts are needed to achieve completeness as to the objectives. Simply combining part-solutions causes problems. The strength of any specialism is namely based on expertness, which aims at depth rather than width. Understanding for mutual problems forms a basis for more integral solutions.

Here again a task for management is found. By sticking to the main lines of the entire innovation process, there a view is maintained of the borderlines of the various disciplines, with the resulting part-solutions. It is management's natural task to bring specialists together by listening to them and thus make its decisions. Especially this holds for those points, where the differently disposed specialists cannot come to agreement. 'Cutting knots' is necessary to keep the innovation process under way.

Summarizing, managing an adhocracy indicated a management that has much in common with entrepreneurship. As opposed to administrative management of the more 'streamlined' bureaucracy, the former is oriented towards providing a lead to a creation in statu nascendi. No more people than required for assessing the problems and deducing conclusions to arrive at answers, will be involved. There will even be a question of changing specialist assistance, depending on the issues under consideration at a particular time. Contrary to a bureaucracy there will in principle be no capacity problems regarding people and means. The stress here lies on a qualitative rather than a quantitative exertion. Designing and developing the mechanism requires, as explained above, a characteristically different attitude and mentality compared to continuing and extending it.

However, in view of the dynamic nature of society, of which
an enterprise forms a part, there can fundamentally be no mention of stabilization or permanent regimes. Of course this holds specially for enterprises with products closely following the changing demands of the market. To mind come examples such as fashion houses. But in this context enterprises such as foundries or repair shops should also be brought to mind. There each product— or series— has to comply with different requirements. Most probably the process i.e., the technology, shows—some— similarity. The high degree of flexibility as regards the mechanism in these instances, points at an adhocracy rather than a bureaucracy. Freedom of movement, leading to universality, forms a limitation for the scale of such companies. Contrary to e.g., a water purification plant, a beer brewery or a lamp factory and the like, which operate with constant market demands regarding product quality. Since these demands extend over longer periods, such companies are geared to stability. The sole point where the own interests are served, concerns competition in price. To this effect the mechanism must be completely adjusted, with the consequent established bureaucracy. It is not argued that no other problems will occur. If only in the quality of the supplies, posing ever new problems for such companies.

Depending on the dynamics of 'organized complexity' around an enterprise, a balance between entrepreneurial and administrative management must be achieved. In due course this may lead to 'shifts'. More than often realized in companies, the concern should be to keep the mechanism up to date. The consequences of change, ultimately are the responsibility of the executives.
Developments

There is no doubt that science and entrepreneurship have been moving closer in the past years. In view of ever increasing demands for ever more unlikely products -for example chip versus lamp- ever more knowledge and experience will be called for to be successful in business. This leads to more and more research. Yet there can obviously be no mention of a fundamental bridge between science and entrepreneurship. In this respect the aforementioned differences in intentions vary too widely. Consequently, the various activities will not converge. Upon accepting a scientific post, any man from practice will realize how much more knowledge is available than he had at his disposal in practice. Literature comprises material that no one so far has really applied. Nonetheless he was able to work effectively before! His elan and dynamism have taken their inspiration from the opportunities offered in business. But now he finds himself in the realm of scientific consideration. A process of philosophizing analysis on the occurrence of certain phenomena, to enable him to make pronouncements with considerable certainty, is set going. -See also page 78-

This is in marked contrast with his previous position, in which he had to work on basis of more surveyable and often limited, directly applicable knowledge. Where time imposed its limits to come up with practical solutions. In executive line positions, and to a lesser degree in staff functions, maneuvering is based on risks and probability. Hence contrary to the scientific notions as set forth.

For every starting educationist these criteria acquire a new perspective. He will tend to become more cautious. Scientific criticism of his colleagues carries much weight. They know where to find the 'flaws'. Their analytic minds control, discover and guard much, if not all, of what is put forward. What is at stake here, is the discrepancy between the stringent analytical-methodological criteria demanded in this domain, and the synthesis and solution oriented methods of the practical man of before. It
leads to what before has been called the 'professor's syndrome'. A clogging up of creativity; the metamorphosis of the technical 'doer' into a restrained, analytic 'thinker' and knower. Hardly surprising therefore, is the complaint that the useful effect of scientific institutes is so meagre. How many do not refrain from publication as neither climate nor conditions seem to invite it. Actually, the feeling is warranted that it is common usage to offer destructive criticism. Or, what is even more striking, the absence of a willingness to participate in the development of what has been introduced as idea, thesis, hypothesis - or perhaps only as a supposition! In such a situation inspiration will be entirely absent.

It will be clear that in the first stage of its development, any science cannot do otherwise but take stock of what is known, and subsequently develop its ideas from this basis. For the sake of the prevailing subject, which finds itself in this particular situation, it is wise to accept this fact. New developments can never be evolved on the basis of completely balanced concepts. In such cases, criticism cannot be more than the factual conclusion, that there are still imperfections. The value of such criticism depends on what it actually entails. - What comes through is only the tone, that sets the music. Either positive and inspirational, or negative and polarizing. - This makes the courage of some of the pioneers in their search for knowledge even more admirable. For their inspiration they had but resistance and rejection... Of the exploration of new ways, history gives encouraging examples. Whether these were people with a purely scientific background such as Lorentz, Freud, Taylor, Fayol, Jerome McKarty and others, or personalities, who did not have such a background to fall back on, as for example, Schliemann, Franklin, Mosje Dayan, Van Gogh, Andrew Carnegie or Cornelis Verolme and many more. They all have, driven by their zeal and perseverance, with their original ideas and new notions, rendered a service to mankind - and therefore to science! Quite a few, not without extraordinary pertinacity and
struggle. The reactions to the new ideas launched by them, should be governed by modesty and reflection. Even more so if they seem strange upon first encounter. Thus the notion of 'letting him go' will probably lead to more combined and productive thinking and hence to further development than can be expected from an overly critical-scientific approach based on an often negativistic attitude. The visionary and the empirical should always be complementary to one another.

The starting point is the *philosophy*; the manner in which business affairs encountered should be perceived. —See page 26— Otherwise any form of research will be haphazard. The purifying effects of a clearer insight owing to purposeful, specific research, will contribute to clarification and possibly, new understanding. It is a safeguard against aberrations. Reasoning is 'put on the rails'. Managing means maintaining the purpose.

In this context the coming about of new products may be brought to mind. And the subsequent emergence of new industrial enterprises. An original idea lay at the basis of, not only, enterprises such as Ford, Polaroid, or Disneyland. The same is the case with others. The vision is the first step towards realization. (113)

All these cases show, how ideas have emerged from interpretation. Often this has to do with still, slumbering market needs. It is there that is found the seed-bed for initiating new, original paths. The critical, cautious continuation and expansion is a consequence, not the start nor the source. In other words,
18. PLACING OF MANAGEMENT AGAINST SPECIALISM

It shows the initiating of management and the filling in by professionalism.
'analysis is only possible, if there is material for analysis, i.e. when creativity has been at work'. Or, management 'reveals', specialism 'elaborates'. -See figure 19-
Compilation

In conclusion of this 'Exploration of the field', the following pages present a survey of what has been explained before. The phenomena, which have come to the fore, have been incorporated in an overall frame of reference. The aim has been to give further depth to management thinking and acting.

Other writers in this field have been reviewed in the previous pages. It has been noted that most of them agree on the fact that this field can be considered as 'underexposed'. It is acknowledged that practically all discussions do not extend further than parts of the total field. This is due to the approach of management from one (possibly some) specialisms. For what matters is weighing all aspects. This makes it difficult, if not impossible to arrive at final conclusions. (Still) Too much is missing.

Moreover, this should be done against backgrounds, which are considered to be continually in flux. The 'settings' of all facets, as these are in relation to one another, are no rigid facts. 'Shifts' occur, both occasioned by changes externally and internally. This is so because any enterprise, be it a company, foundation or otherwise, is no more than a link in the total of society.

The entire trajectory from entrepreneurship to managing the organization, shows three parties in three stages. The manner in which these influence one another is the basis of all. It amounts to the following.

- **Awaiting parties.** In society these parties become manifest with ever new needs. The passive character is remarkable. Only if thirds offer services or products, there is a chance of acceptance after a period of becoming accustomed. Then there occurs a (market) demand. A slumbering potential is thus brought to life. Albeit it so that the source essentially is with 'non-trendsetters'.
Pace-making parties. These are enterprises, who within their sphere of interest, recognize market needs and the hidden trends. If they assume enough reason for action, an apparatus is set going to obtain a clear 'view on affairs'. -i.e. market research, technical research, etc.-

Such initiatives have 2 sides.
In the first place, there is the personal element. Although, as stated before, difficult to 'handle', it is the elan, or even more the 'drive', which must follow upon inspiration. It is there that the beginning of innovation is found; the process which must be set going. It is pointed at the mental readjustment of personnel, when a predominant bureaucratically operating mechanism is changed to a more adhocratic one. As mentioned before, the relevant literature gives no points of reference. (Notions such as courage and perseverance, for example, imperative to follow new, untrodden paths, are mentioned by the insiders themselves, as shortcomings in their considerations.) (114)

Nonetheless, it is management's task to lead the way in this respect. From there initiatives in these directions should be supported and steered. Without the inspiration and guidance from the top, the development and actualization of ideas is practically a hopeless task.

This leads to the second task of the management. In an existing organization, with a mechanism attuned to producing services and/or products, accepted by the market, there is no 'space' for inspired and visionary initiatives. The space must be 'created'. It goes without saying that this is management's task. That is to say, the entrepreneurial side of management. It concerns the starting up and the guiding of innovation processes. At the earliest possible stage, chances of success and the inherent risks, must be evaluated, to
avoid unnecessary cost-raising factors.
The limitations in this connection originate in
tree principles. These are related below.-see p. 82-
- Feasibility. The first considerations
will pertain to physical-technical aspects
combined with economical viability. Such a
preliminary investigation will acquire
added perspective, if it shows the opening
up of new fields. Especially if it, with
respect to know-how, ties up to what has
been achieved so far. Supported by
experience gained, further developments
will be carried through harmoniously.
Thus the principle of progression is
satisfied.
Success or failure in such a process of
innovation, is mainly in the hands of the
interplay between management and
specialists. Only if both parties quickly
and astutely find ways to cooperate,
positive results can be expected. Such
teamwork depends, as said before, on both
business-like and personal acceptance and
appreciation. In either respects parties
should regard each other as 'equals'.
Especially in decision-making this is of
essential meaning. Not always will both
parties achieve full concord in all
respects. Considering the nature of the
various disciplines, this is highly
unlikely. However, this should in no way be
an impediment. Only if differences in view
guide personal or business views (questions
of precedence/prestige) This shows up bases
of trust in informal circuits. (115)
- Balancing the interests. The above
approach is not the only pivot on which
success or failure depends. If and when an
enterprise enters the market with a new
product, this rebound on all enterprises
in that segment. Both in a positive and
negative manner. If it is the suppliers,
who see an expansion of their sales, or
competitors, who feel threatened, within the complex of enterprises, a backlash will be felt. The initiator, who brings out the new product, disrupts a previously achieved balance. Here the principle of power comes to the fore. I.e., depending on the positions of thirds, the policy will have to be decided upon. The question is to include interests of third parties in the ideas, attainable in view of demand and offer. The fact that this entails more than directly involved organizations, such as suppliers, banks, competitors, etc., will be clear. If, authorities with regard to employment or infrastructure, consultancy agencies of buying organizations, but also environmental organizations, etc., are considered, the diversity of factors influencing the chances of success will be obvious. Literature provides no information in this respect. Nonetheless, competency is required to interest partners on basis of one's own interests and simultaneously take the hurdles of countering forces. In a more developed society with its 'organized complexity' this requires more 'navigational expertise' and specialist knowledge, than for instance in a hardly developed country. It implies the continual balancing of the potential of such an area, e.g. as to expertise, either direct or through suppliers, as well as the expected opposition, i.a. in the light of social control. By means of public relations, the situation might in the latter mentioned case be improved. However, the question remains if heightened cost outweigh the advantages found. Only if the balance of pros and cons has been made, this will become clear. This will also show the uncertainties, which follow from the uniqueness, the identity in any situation. Whether this be matters concerning the
competition or changing norms in society, to mention but a few, the uncertainties remain. Entrepreneurship therefore will have to calculate with margins. The scope of these will be a matter of estimating. If this concerns being first in the market, to build a position of power with regard to the competition, time will be a limiting factor as regards certainty. More risks must be heeded, to win the time race with the competitors. The principle of power demands its dues. It is remarkable how this subject (also) receives scant attention in literature. In spite of the fact that the power relations are determinative for the success or failure of the plans. And so is the configuration in which this might be most successful, e.g. joint ventures such as Shell and Esso, transit sales, agencies, and so on. (116)

Operativeness. Even if a plan so far looks attractive, still questions remain to be answered as to what the implications will be with regard to what has already been achieved. First of all this holds for any business contacts engaged upon before. Will they be disturbed or reinforced? The changeover to special projects adapted to the demands of a buying company, calling for direct contacts with clients, may be disruptive on a process geared to supplying ready-made products through trade. Confusion may be caused for trading partners as well as for the buyers themselves. This may cause one to deflect from the original plans and conclude new agreements with any trading partners, or look for other, more appropriate solutions, such as direct delivery of projects as well as service and maintenance, but delivery of spare parts and regular products via the trade. Moreover, it should be investigated how
much know-how is missing, to actually realize the designs. It would not be the first time that admissions had to be made that essential links in the realization of a product were missing. Naturally this can better be recognized beforehand, than thinking up (emergency) solutions later on. Many joint ventures have come about due to absence of certain know-how, albeit sometimes in a later stage. The Aluminium Maatschappij Delfzijl/ALDEL of Nederlandse Hoogovens, Alusuisse and Billiton/Shell is a striking example. (117)

In connection with the previous point it is often essential to consider the organizational consequences of plans beforehand. Sales of commercial products calls for the kind of salesman who negotiates—as explained in the aforementioned example—on the basis of quantities and discounts. This fundamentally differs from the project salesman, who has a pronounced advisory role towards customers. When introducing projects in an existing range of commercial products, adaptations of the internal organization are necessary. This by no means is restricted to sales as such. Installation, service, assembly and production are also required to accomplish projects. Even if parts can be subcontracted, still mental as well as structural adaptations of the organization are required. For, these elements are fundamentally alien to a commercial trading organization, accustomed to work with products that, technically speaking, are already in their final stage. This example again shows how important it is that management realize the consequences of new activities, already at the start. Before expensive research on details by specialists has been carried out. Already at that stage, in principle it can be
decided to continue or to call it off. The final consideration pertains to the financial consequences. If it should become clear that the plans require a financial injection involving too large financial risks, as yet further steps must be refrained from. Or otherwise entirely different paths should be followed. For instance cooperation with other companies. The cooperation with the aforementioned Aldel is, besides the know-how input, a consequence of such considerations. (118)

So far the 'Pace-setting Parties'. They are central in the entire treatise. Their dependency upon markets is explained before in relation to the 'Awaiting Parties'. However, the sources from which resources are obtained are of essential import for the continued existence of any enterprise.

The available parties. Although essentially also pace-makers, they are nevertheless regarded by the above parties as 'only' involved. I. e. that which is not manufactured, is bought. As such they are available. Be this a factory for screws or legal advisor. It always means business which the party involved needs, but which it does not reckon to be within its own activities. The reasons can be traced back to a more effective as well as efficient management by the buyers. It is in both parties' interests to come to the most optimally possible cooperation. It is a subject which has been much in the limelight in the eighties. Both in practical and theoretical considerations. (119) It is remarkable how this way of thinking has gained ground. The central question has become, if not more can be gained than lost with regard to healthy own interests, by looking for common interests with business partners. This development has been marked in supplies. ('Just in time' etc.) But did not remain limited to that. Increasingly company training courses have been 'passed on' to
centers of education. Especially in the case of fundamental knowledge, it is more effective and consequently less costly to leave this in the hands of specialized institutes. This is a different matter if it concerns unique, company restricted knowledge and experience.
20. WAY OF CONSIDERATION

SURROUNDINGS

PHILOSOPHY

PERFORMANCE

POLICY

HARMONIZATION

CONSTITUTION

SOURCES

SUPPLIES
The complete mechanism with all participating parties positioned relative to one another is thus summarized. The actions of the pace-making parties start the mechanism, notwithstanding that the cause is in the passive, i.e. needs of the market potential.

The line of thinking 'behind' this mechanism can be subdivided into 3 stages. -See figure 20-

**Philosophy.** In the first instance the sharpest possible picture should be obtained of what might turn up within the own field of interest, or 'one's own position in the market'. Appreciation and interpretation of signals from the market with regard to evolving needs, are the starting point to arrive at the philosophy.

It is pointed at the abiding, yet simultaneously autonomous character of - prospective - customers. Assuming that the 'customer is king', enterprises can only be successful if the solutions offered are accepted by the market. Irrespective of the perfectness of the solution itself. Arriving at a philosophy must therefore be based on a synthesis of offer and acceptation.

**Policy.** The synthesis will not directly lead to a final concept. Either in a positive or negative sense, as a consequence of rash action, forces may be called up, which cannot be controlled. In view of society's 'organized complexity', a dependency has come about which cannot be ignored.

It is not only competitors, who might prove more powerful. It goes considerably further. Authorities put standards e.g. with regard to safety, whereas pressure groups introduce specially ethical aspects. The importance of including such interest groups in the considerations, has become very clear in the last decades.

Moreover, it is not only the policy towards external authorities, etc. Internally there are
also interests which may not always agree with the company's interests. Executives have their own expectations towards their future. As long as their interests are in line with those of the company, hardly any tension is to be expected. However, it is fundamentally wrong to assume that such a situation would ever occur. There must be an open mind for fields of tensions, which because of the changing 'scene', may occur at any moment. Quite rightly literature points at the importance of personal relationships in the informal circuit of organizations. Exchange of knowledge and experience, as has been said before, not only leads to an improved view of business. It also reinforces the mutual basis of trust. That is what a business community needs, to be in a strong position. Especially when no complete agreement can be reached.

In many respects it is therefore unthinkable, that originating concepts are not screened for relations in interest. From this the policy to be followed must become clear. Perhaps after adapting the design.

Performance. The finale of this line of thinking is the implementation. Constitutionally rules are established for the manner in which the mechanism should operate. With regard to the sources, i.e. subcontractors, it is established what will be taken care of in-house. From this follows the organizational structure in departments (and divisions) and the staffing. The plan can only be accomplished, if the new can be brought into harmony with the existing. Should insurmountable problems still occur at this stage, it may still be decided to cancel the new activity.

The balancing of the pros and cons as regards expansion or consolidation, poses a constant dilemma for management. Without any doubt, consolidation has the advantage that profit can be expected from an optimally adjusted bureaucratic organization. But
this will last only as long as the grip on the market is maintained. As soon as this diminishes, all action to cope with the changes must have been planned. If not one will fall behind, which mostly is hard to make good. The crucial point is to find the right moment to turn around.

The line of thinking, as explained, has so far as known, no direct tie to management literature. Most authors confine themselves to facets from business life. They have specially contributed to clarification and deepening. This has been used in this treatise. The layout of an overall concept comprising both market and company has thus far not been realized. The cause should be sought in approaches, which depart from already developed disciplines. This entails the danger of 'imbalance', which sometimes becomes clear.

To this should be added, it has been stated several times, that seldom attention is given to the changing perspective, under which companies, institutes, etc. must operate. Neither is the commencement of an enterprise taken as the starting point.

In the next pages the indicated frames of reference are further elaborated upon.
FROM ENTREPRENEURSHIP TO LEADERSHIP

Developing the business

Enlarging the thinking

As 'exploring the field' has shown, science in its present state holds no basis for business administration. Neither with regard to its attitude, even ethics, nor with regard to the result. The mono-disciplinary approaches of the matter are so separated and independent, that any connections can hardly be found. -With the exception of a few cases.- For example, it remains unclear what the implications would be for the autonomy of any one discipline.

Phenomena and elementary theories based on integration, should these exist, can therefore not be found. What could be explanatory for business administration remains unknown.

With this problem in mind a path has been followed from entrepreneurship, starting from the conception of an idea till the business is on full stream. Furthermore all logical implications are treated. The findings have been compared to those of other authors, if any.

Thus a procedure has been mapped, which should explain how the line in thinking proceeds. It should then be possible to appreciate all the elements involved. As an essential part, next the building bricks of the system created are elucidated.

The development is sketched in nine stages; the initially wide frames of consideration are increasingly refined and focussed to detailed and elaborate plans. Upon each stage in the procedure follows the decision to enter the next stage, or to stop, as success is considered unlikely.

The increasing demand of ever more specific information in ever smaller areas, progressively augments the effort and hence the cost to acquire the information. Therefore stopping at the earliest possible stage, in view of unfavourable opportunities, is of essential import.
21. **Sequence in thinking leading to a balance for alteration**

- **Philosophy leading to progress**
- **Policy leading to power**
- **Performance leading to profit**

**Sequence in thinking leading to a balance for alteration**
The entire procedure, as explained below, has a universal character. That is to say, in principle the same line of thinking should be followed for the development of a new product, a new market, process, etc., irrelevant of type of company or venture. The procedure shows that distinctions between companies or ventures, will reveal in differences in emphasis. I.e. in essence there are no changes. For instance, a business in an unfavourable location relative to its competitors in better positions, will want to pay extra attention to publicity and advertising. A popular shop can expect more interest than one which does not have this advantage. This can be put to advantage ‘at the source’. However, this does not change the principle. Below this will be further elaborated upon.

The ever changing circumstances under which an enterprise must operate, necessitate a high degree of alertness to perceive changes timely. The possible measures to be taken require effort. -See fig. 21- This will take time. It starts in forming a picture of what is happening, i.e. philosophy. Based on the interests of the business, this must lead to verification of the position, i.e. policy. From this follows the implementation with regard to the performance. -See also page 28-. Of course all that is desired cannot be implemented without adaptations. Only in synthesis, the attainable will become apparent. As stated before, considerations as to progress, power and profit, must determine the course to be followed. -See page 82-. 
22. DYNAMICS OF A COMPANY
CAUSED BY INFLUENCES FROM
OUTSIDE AS WELL AS INSIDE

Diagram:
- Needs
- Sales
- Company
- Purchasing
- Supplies
- Changes
Thus launching a new generation of products may be at the cost, with regard to turnover and profit, of the still current products. Still if this will lead to a stronger market position, a decision to this effect might be taken. Illustrative is the follow-up of B/W television by Color television, whereas the latter in the future may be ousted by Projection television. Another example is the compact disc, which presently is displacing the gramophone record at a speed considered unlikely a few years ago.

It will be apparent that changes in the market, either at demand or offer side, directly influence the views and actions in an enterprise. To maintain control continually initiatives should be taken. Only then an enterprise will have a right of existence within the organized complex order of society. At least, if it is able to draw the proper conclusions from the current events and is sufficiently capable of acting upon them. -See fig. 22-. This ability can be split in 2. On the one hand entrepreneurship will be called upon to come with something new, if there is a potential need from the market. If this is not the case and the need is to continue the existing, or to improve on that, the emphasis will be on coordination, i.e. 'administrative management'. As explained before the dichotomy in management has certain consequences. Not only with regard to policy, but also with regard to the organization. -See page 104-. In the last mentioned instance, a predominantly ad hoc organization will be opposed to the adjusted, bureaucratic organization. The history of the Nederlandsche Gist- & Spiritusfabriek in the years 1920-1940 shows a policy of consolidation, which changed after WW-II in a more expansion oriented policy. Whereas between the two world wars competitors disappeared from the market through mergers and takeovers, strengthening its position, the aim after 1945 was diversification. Based on the philosophy to be a leader in the field of fermentation.
In the post-war years this led to the introduction of penicillin. The different generations followed each other at high speed. Factories of various suppliers were then written off within a year. (120) The entrance to an entirely new market led to a merger with Brocades to Gist-Brocades. Thus a range of pharmaceutical products came about in which penicillin got its place within the assortment of Brocades. This is how it grew to a world concern.

The eighties show large concentrations in Europe in many fields. This concerns market products of a predominantly repetitive nature. For example, the paper industry. (121) In order to be competitive with other giants in the same branch, after the unification of the EEC market in 1992, power is required to make free the road to progress and profit. —See page 82— This requires a scale permitting maximum efficiency. Thus financial power of action is achieved, enabling investment, where necessary.

From the organizational viewpoint this leads to bureaucracy. According to fixed 'rules', i.e. scenarios, products are marketed as competitively as possible. The crux in this approach is in the organizational abilities of the staff.

This is the opposite of enterprises which exist by their level of flexibility. In the manufacture of products which differ per order as regards shape, dimensions, numbers, etc. the emphasis is on an ad hoc organization rather than on a bureaucracy. The emphasis will pre-eminently be on preparation, rather than efficiency. In view of the diversity in specifications this points at originality. The organization and especially equipment should be more flexible and universal than for repetitive work. —See also p. 106—

In essence each change is of an ad hoc nature. Change implies innovation, irrespective of the fact whether this concerns the efficiency in a bureaucratic-oriented organization or setting up any kind of organization. This is valid for any initiative.

The origin of an enterprise is therefore viewed as an ad hoc event. Thus it is presented below. Irrelevant of the type of organization that is the result. There are
type of organization that is the result. There are enterprises which continue in this way, whereas others achieve a form of 'balance' with their environment. Neither at market nor at supply side changes occur. The product produced remains the same under these conditions. The sole change will be in the scale; an adhocratic matter.
23A IDEA ESTIMATION SEARCH
Conceptualization

Whatever the idea propounded, be it a new or innovated product, market or process, its relevancy and fittingness will depend on the positive expectations generated. Already on first orientation should it be clear if further exploration is worthwhile. i.e. if further exertions and the resulting cost justify further examination. This will evolve in 2 roads that have to be gone.

- First it will have to be examined what is the value of the idea itself for the enterprise in question.
- Secondly, if deemed worthwhile, will fitting in the idea offer more opportunities compared to the existing interests of the enterprise?

These two viewpoints are continually related to each other. This is done per stage, based on the 3-P-Pattern of philosophy-policy-performance. -See fig. 12.- For the first aspect in the first stage, this amounts to the following. -See figure 23A-

- Determination of the needs. In the first instance an image should be formed of how the proposed idea satisfies a need; either presently or potentially. Only if the prospects are auspicious, further research can be deemed useful.

- Determination of standpoint. From the managerial viewpoint: the time must be appropriate to persuade others both internally and externally that it is right. To make others see why the new would be better than what has been achieved so far, requires a period of familiarity. Vested interests are called to question. As long as it will not be clear, in how far these are threatened, resistance to change should be taken into account. This concerns especially the employees. It is extensively dealt with in literature. (122)

At the same time it must be investigated if the interests of third parties, active in the same field in any way, may be 'touched'. When lines of interest interfere this should be given attention, to avoid running into difficulties. Already at this stage it can be established in what direction the own interests can be safeguarded. Of course, this not only holds with regard to competitors. Also consultancy agencies- perhaps with established
relations with competitors, etc., the authorities, following certain directives with regard to the common interest, or interest groups with their own views, and others may form obstacles. However, potential cooperators will be found in certain suppliers, authorities expecting employment, etc. It will be clear that at the earliest possible stage, the entire complex of bodies in the entrepreneurial arena must be mapped. The policy to be followed should be attuned to this. Literature gives little in this respect. (123)

Determination regarding execution. Setting up an enterprise, based on this policy, even if this is only the first plan, is based on the following points.

- Relations. Foremost must be the consideration whether it can be started from prevailing relations, built up in the course of years, or from scratch. If and when there already is a relation of trust, the new idea will be accepted more sympathetically than otherwise. This in no way does not mean that every new initiative requires time for acceptance, as explained in the marketing literature. (124)

Unacquaintance with an enterprise launching a new idea, is an extra handicap and will delay matters accordingly. The 'time of incubation' needed by future buyers to become acquainted with and aware of the demand, should be taken into consideration already at this stage by means of estimates and guesses. Literature does not elaborate on this specific point. (125) Marketing is dealt with in more general terms and is mainly limited to market research. The selling proper is, with the exception of a few cases, hardly discussed and consequently offers few starting points. -At the purchasing side, the eighties show only a tentative start in market research. (126)- The building up of business relations, the logical next step, which for parties at either side requires extra effort and consequently costs, is barely touched upon. Yet, this must be included in all considerations.

- Expertise or know-how. On the grounds of the foregoing, an investigation will be done into the required knowledge and experience to realize the
objectives, should this be opportune. Overlooking the entire process from sales up to and inclusive the supply and service, will lead to an examination of the opportunities of recruitment in the various sectors of the labour market. Apart from the relation between offer and demand, e.g. with regard to dearth, the following difficulties will be encountered.

Although executives will be recruited from related disciplines, they will need time to become acquainted with what is expected of them. However, at this preliminary stage, the requirements of a specific job can only be formulated in broad outline. For, the complications with regard to a particular job can never be foretold, as the enterprise does not yet exist. Developments will have to be dealt with as they occur. Only after experimenting will the correct way be found. In this adhocratic style of operating, management and specialists are strongly dependent upon each other. Management should interrelate the various issues raised. With the help of special expertise (part) solutions must be found, which should then be coordinated again, etc. This will continue until a result has been achieved, acceptable to all parties involved.

This procedure shows how closely the management element, i.e. decision-taking, and the executive element are interwoven. The one cannot be seen separate from the other. This has been put forward before by means of a statement of Peter Drucker, albeit from a different background. (127) Once the manner on how to deal with this has been defined, the contacts between managers and specialists can be less intensive. Then the operations work along fixed rules. Rules that, wherever possible, replace management. In consequence of the repetitive bureaucratic patterns in an organization, the two parties will grow apart. Until innovation becomes necessary and the parties become directly dependent on each other again. This matter is, as far as known, only sideways referred to in literature. (128) —See also page 129 —

So far it has been assumed that for each vacancy
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capable people can be found. With reference to the preceding page(s) missing sciences and courses have been indicated which seriously may delay the entire process of innovation. -See figs. 14, 19 and page 133 -

Ultimately this points at the absence of a coherent theory for management. Neither with regard to entrepreneurial management, nor with regard to administrative management and consequently the relation between the two, does literature offer a master theory. (129) -See also page 24 -

As stated before, the issue under consideration is the creation of an enterprise. The final result, providing services or products, has been given prior attention. However, as has been explained, this cannot be seen as distinct from the way, i.e. the process, to realize this. This brings to the fore the next point in these considerations.

- Organization. The degree to which product and process are interwoven, indicates that there is no point in discussing these separately. -See also page 129-

Following the demands of the market, products emanate complying with the demands, according to processes permitting this. Organizations are required to control these processes. These are the instruments to steer and control matters. The fact that this is done by means of a structure with departments consisting of executives fulfilling a specific task, is the consequence. Not the cause, although scientific literature often does regard it so. This is done without asking, how the organizations came about. This comment will make clear that this view is not endorsed. (130) Indeed, an organization loses its right of existence when the processes change due to changing products, following changed market demands. Already clues as to the essence of organizing come to the fore. However, this will be extensively dealt with later in this treatise. -See page 190- At this stage it suffices to point at the demand of buyers, taking into account competitive interests, leading to a choice as regards the realization. Should it be manufacture or is it wiser to act as an intermediary
through an agency, or a trading corporation, or some form of cooperation through a joint venture, etc. Once the (provisional) choices have been made, contours will become clear as regards the specialisms to be expected, for example only sales with an agency, or also other disciplines e.g. purchasing, production and installation for a machine plant.

The consequences observed at this early stage might lead to decisions to refrain from further actions in a particular direction. This will for instance be the case if an enterprise would have to incorporate alien elements. E.g. a trading firm changing over to production units to successfully realize the suggested idea. Even without considering interfering influences on existing relations, a matter which will be further dealt with later on. -See page 140- What matters is that the prospects are promising enough for the revenues to sufficiently exceed the costs, investments, etc.

- Financial considerations. On basis of the information gathered above, a first, rudimentary impression can be formed. This concerns expectations as to both size and growth in the coming years. On the one hand this leads to budgeting of the requisite investments in the various periods of start-up and expansion. On the other hand the liabilities and assets will disclose if and how things can be properly financed, in view of required capital and risks to be taken. Again as a first approach of the matter. Although the matter at hand needs hardly any elucidation, the question remains if at this stage costing or precalculation should already be done. The data produced by the foregoing, have either not or insufficiently been taken into account, as indicated. In most cases only at a later stage, when relatively much effort has been expended and consequently -sometimes unnecessary- cost have been made, the financial cost will be estimated. No doubt the figures will then be more accurate than during a first consideration, as indicated here. However, it implies quite often that much work has been done for nothing, as a first preliminary consideration would have shown that the
proposed idea is not feasible.
IDEA ASSIMILATION

IDEA

PHILOSOPHY

NEEDS

POLICY

PERFORMANCE

MERIT

CLIMATE

CONCEPTION

CONSEQUENCES
Only if the results so far are positive, it is meaningful to assess these against the current situation. An enterprise attempting to execute an initiative, will have to fit in the result with what already has been achieved. As observed, one is only successful if the overall result can be expected to improve in case of a change. An improvement which would not be the case with an unchanged policy.

This prompts a 'reflection' of the results from the above consideration against the present state of affairs. Also if this concerns an entirely new enterprise, the starting position of those involved must be considered. In principle the procedure will be the same. At the most the comparison will be easier, as will become clearer. -See fig. 23B- The next part of the procedure does not occur in literature, since the first part is not considered.

As far as the needs are concerned, it must be examined if and to what extent the services or products offered answer a demand from the market. A new car model, for example, will only be introduced when buyers are tired of the prevailing models. Manufacturers provide for new designs, but wait with the introduction until the time is ripe. As to philosophy old and new must be perceived to be in harmony.

As regards the policy to be executed, it should be determined in which respect a new initiative will interfere with the prevailing interests of the company. If, for example, a new product will push aside the existing one or if the present trading network is disturbed by choosing for direct sales to users instead of via wholesalers, it can at this stage be established that nothing may happen inadvertently. Especially if it would benefit the competition. The policy will thus be limited, unless opportunities present themselves, which head off these threats, e.g. a take-over of such competitors.
To execute the policy, the consequences as regards the performance should be considered.

- Relations must accept the newly launched product (or service). That is to say, in combination with the present range. Should, for example, a scientific publisher also include a popular scientific publication, this could harm the company. The position of trust with the buyers will erode. The expectation is that the scientific standard is maintained. In such a case founding a new publishing house to market this different kind of work could be considered. It namely means the approach of a new kind of customer. -Notwithstanding the fact that there may be interest from the original group. But the customers take a new stand-.

- Expertise or know-how, built up in the course of years must be tested against what is to be expected. This assessment will show where shortcomings occur. For example, a trading firm intending to apply itself to the production of related products on specification of buying companies, should realize what this implies. A logical consequence will be the recruitment of staff from disciplines foreign to the company. In addition to commercial activities, there will be a need for technical and technological expertise.

- The organization will then have to deal with new company cultures. The effect must be adjustment of activities on basis of mutual trust, to be able to work effectively. That management should heed this, needs hardly any note. The adhocratic nature of the approach in this kind of situation will, in view of the essence of the projects, only partly result in a more bureaucratic set up. For, every project executed is made to specifications. This implies that at least a part of it is unique. The character of the work remains innovative. Even after various projects have been executed, there can be no
mention of a mere repetition of activities. This illustration goes to show the far-reaching organizational consequences of an idea to come with something new onto the market. By realizing this at the start, more detailed, costly efforts can be avoided, if the anticipated outcome is deemed undesirable. Already at this stage further action can be refrained from. Should the idea in itself be valuable enough, it can still be considered to interest others; e.g. by means of licenses.

Finances form in two ways the coping-stone in this orientational course of thinking. From what has been perceived, a cursory financial result will emerge. See page 136. What will be needed to put into effect an idea, comes down to the moneys to be invested. This will have to be weighed against the expenditure for the running operations. Priorities, however, can only be set after it has become clear, how much the profitability of the new activity, if any, together with the earlier investments could show an improved result. If through improved use of machines, purchase or sales, etc. the amounts of money furnished remain limited, decisions in this respect can be taken faster and more easily, than if less clarity exists as regards the ultimate result. Of course this does not exclude a further detailed planning of the project. If matters do not seem too drastic or costly, this could be the reason to give them a higher priority. Time is profit, when positive results can be expected in the short term.

When summarized, this concludes the first orientation as regards the viability of an idea. It is founded on consideration and estimation. Should this already prove the infeasibility under the given circumstances, further costly efforts can be refrained from. Should there be doubts, it can be decided to make a next step in this development process, to obtain more certainty. Besides it is once more pointed at the necessary, intensive
consultation between management and specialists. Especially, as regards arguments from specialist areas, which then must be 'fitted' into overall frames, the interdependence of the two parties is shown. At this stage of development it concerns consultation on basis of an accepted, common philosophy. A precondition is a mutual understanding and apprehension to come to results. Only by listening and understanding each other, progress can be achieved.

The adhocratic nature of the cooperation is shown here most prominently. -Further on in the more detailed explanations this will become less prominent.-

Thus the first stage of idea to conception has been concluded. The 'climate', in which the idea must be executed has been probed. Which includes a full view of the consequences given the circumstances. -See also fig. 23B-

The foregoing also clearly shows how much the internal organization should fit to the external organization, i.e. the trading network. It is, as stated before, a link in this network. Not the other way around. Business literature does appreciate this problem, however, elaborate concepts are not (yet) presented. (132)
### 24A Key Factors - Qualified -

<table>
<thead>
<tr>
<th>Business Pattern</th>
<th>Specific Business</th>
<th>Mature Business</th>
<th>General Business</th>
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<td><strong>Product Status</strong></td>
<td><strong>Internal Consequences</strong></td>
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<td>High</td>
<td>Confidential/ Professional</td>
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<td>Repeated</td>
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<th><strong>Know How</strong></th>
<th><strong>Organization</strong></th>
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<td>Capable</td>
<td>Adhocratic/ Universal</td>
<td>Labour Intensive</td>
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<td></td>
<td>Skilled</td>
<td>Streamlined</td>
<td>'Swingover' Situation</td>
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<td></td>
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<td>Capital Intensive</td>
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### 24B Key Factors - Quantified -

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<th>Business Pattern</th>
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<td>Single/Few</td>
<td>Certain Amounts</td>
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<th><strong>Professional Support</strong></th>
<th><strong>Organization Scale</strong></th>
<th><strong>Financial Issues</strong></th>
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<td>Limited</td>
<td>Considerable</td>
<td>Via Fixed Lines</td>
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<td></td>
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<td></td>
<td>Complicated Basis</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Large invest/ small margs/ quick return</td>
</tr>
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|                           |               |                           |                        | On a routine basis    |
|                           |               |                           |                        | In between scale      |
|                           |               |                           |                        | Mass consumption scale|

|                           |               |                           |                        | Large margs/ quick return |
Essential characteristics

Key factors of the company

No businessman can afford to avoid the fundamentals of his business on which the right of existence of his enterprise is based. This pertains not only to what he has already achieved, but also to new objectives. The ever occurring changes in the environment that he operates in, force him to continually evaluate this.

In itself this is not new. It speaks for itself that it is a matter of self-preservation, to evaluate astutely and ever anew, if the grounds for existence of the enterprise are still valid. And subsequently, if and how changes have occurred. Thus 'the key factors of the company', the fundamental principles, upon which business is based, are determined. It is remarkable that little can be found in this respect in business literature. (133)

By heeding this subject already in this second phase of development of an idea, the thinking is 'purified' of those miscalculations, which can now already be filtered out. Should the result not be negative, it may be meaningful to consider obtaining a deeper insight in this matter in the next phases. If not, endeavors and hence also cost, can be preserved for a better goal. -It is once more pointed at the fact that every successive phase, the clarification of the data, i.e. calculations and the like require ever more time and money. Savings can thus be achieved in case expectations are so negative, that the opportunities for success look, from the business point of view, too grim.-

What it actually comes down to, is attuning offer and demand. - See figures 24A/B- Either has its own character. Here a synthesis must be realized. In other words, a mode must be found offering attractive opportunities both at the market and the supply side. This will only be achieved once the consequences can be counterbalanced within the own company. Only then will it be opportune to enter into business.

The following should thus be noted.

. It should show where activities, crucial for the success of operations, will take place

. Moreover, the optimal shape and size of such an enterprise must be clearly evaluated.

To illustrate the point, below follow some situations from
practice.

For the general practitioner (G.P.) every patient asking for treatment is unique. It is not only so that he will be approached at an unexpected time, but what is more the diagnosis will never be clear beforehand. The patient sets high demands as regards diagnosis and subsequent medical advice. It concerns his health and for that he will want to pay relatively much money. The G.P. should therefore be organized in such a way that he makes his visit within one or maximum two hours after a call, unless otherwise agreed. In view of his position of trust as councillor and professional he should attend himself. (He cannot leave it in the hands of a medical assistant.)

Against this background the G.P.'s organization can be nothing else than adhocratic. During epidemics he will make long hours, whereas at other times, his days may be quiet. In view of the required personal attention, the number of patients is limited. Tariffs and margins are adapted to such an 'enterprise'.

For a bulb factory this situation is entirely different. The consumer does not have any others demands but the possibility to replace the lamp in case of breakdown. The product is considered a 'throw-away' article.

There will be no mention of any personal contact between users and producer. This concerns a product permanently available through fixed channels, complying -and continuing so- with certain quality demands. The only significant role in such a case is played by price. On the one hand it leads to cartel agreements between competitors and on the other hand to cost price lowering activities by means of economies of scale. The smaller companies then have to give up; the larger concerns look for ever further concentrations -in production etc.-. The high investments entailed in such a bureaucratic enterprise, with a very specific product, must be made up for by mass production, albeit within limited margins.(134)

Thus the degree of organization in this kind of enterprise will be critical. In all cases, where the product is very repetitive, together with large numbers, they will grow to bureaucracies, often of global size. Amongst others it is pointed at oil companies, aluminium concerns, beer breweries, etc. To a lesser degree this holds for e.g. power plants, which have coupled their networks and in various European countries have grown to big units, even though -as yet- still impeded by limitations in
the political field.

Thus there will be enterprises, which in consequence of the nature of the market demands in relation to the services or products offered, will either remain small or grow to a global scale. In those fields where demand is only partly repetitive with varieties and in smaller quantities than indicated above, the company of intermediate size occurs. On the one hand it should maintain its flexibility to deal with deviating demands of customers, on the other remain competitive; therefore the routine part of the work must be organized as efficiently as possible. This type of enterprise can be recognized in garages, die making plants, etc. They are partly adhocratic, partly bureaucratic. The more techniques improve, compensating for changes in process and still permitting flexibility, there will be seen a tendency for 'general business'. The programs in management show an expansion as to what is possible, as is the case in processing centers in production, for example. Various operations are there successively executed on a work piece in a programmed way. This means that changeover times can be minimized by including them in the program. The specific customer demands will therefore less influence the manufacturing process. Even though, this means a reduction in exertion and cost, it in no way cancels the need for direct contact between buyer and producer, to inform the latter of the demands of the former. In this respect this kind of business shows all characteristics of an adhocracy.

By studying a particular idea for an enterprise in this manner, various viewpoints come to the fore. In accordance with a qualitative approach, supported by quantification this is possible. —See once more figures 24A and 24B, respectively—

. In the first place it will become clear to what shape and size, respectively, an enterprise will grow. I.e. in what 'area' of the system- its activities must finally be expected. In view of the desirability, decisions can be taken to proceed in such a direction or to refrain from further study.

. In the second place, the new field of work can first of all be compared with the present activities. Should the critical activities of the new with respect to the existing be too far apart, it may be objectionable to proceed. On the other hand it may offer entirely new opportunities and challenges.
These matters are further elaborated upon below.
254 CREATING A VISION

DIAGRAM:

- CLIMATE
- CONCEPTION
- CONSEQUENCES

- PERCEPTIONS
- POSITION
- CRITERIA
Consideration and weighing

Forming a vision

In the foregoing the first phase has been concluded with the decision to go further into the matter. So far, only the contours of what is being searched for have been indicated. The outcome prompts the search for more. Again this will be done across the entire 'width' of the field to be investigated. Albeit with a new focus.

Attention is called to the dynamic character of the entire investigation. The implication is that in every next phase, the previous phase(s) must be checked, to be aware of any changes. For the complete system, within which entrepreneurial activities find place, is continually subject to change. Either at the demand or supply side things may happen that shed a new light on the complete situation.

Moreover, it should be kept in mind that it will never be quite clear how the parties involved, whether customers, competitors, governments, pressure groups or whoever, will react. They may be led by both objective and subjective considerations. Never will all their motives, following from their own interests, be entirely known. This implies that always risk factors must be taken into account. However, this only makes sense if indeed has been investigated, where these might occur. Only then will it be possible to estimate maximum and minimum limits as regards the expected risks. Thus points of attention have been established, which, by paying them proper attention, can be refined during the entire investigation. Doubtless opportunities for gathering more knowledge will present themselves. Either because of new external developments or new perspectives following from the investigation itself may occasion new approaches.

The crux of the matter in this second phase concerns creating a vision. -See figure 25A- The focus must be on the amount of reality of the idea conceived. The essence which determines the nature of the business, must be known. As pointed out before, 'the key factors of the company' determine the eventual shape and size of the enterprise. They denote the scale on which services and/or products can be provided in the most lucrative manner. By focussing attention already at this stage, a picture
is created of what eventually can be expected. Thus it is avoided that at too late a stage, when high cost for this study have been made, the eventual result would not be acceptable. For whatever reasons.

Further to the aforementioned, below is given an explanation of the various aspects considered in this second phase of the entrepreneurial investigation

1. **Perspectives.** The potential of the market, indicated before, must be outlined with regard to the plans envisioned. In the first place this concerns the distinguishable market segments. Then it must be investigated per segment when a demand will occur with regard to the services and/or products envisioned. From this must appear if the prospects indeed are so favourable as to justify continuing the investigation. Per group of customers the key factors must be considered. The nature of the demand, as potentially present, must be brought in relation with the uniqueness of the services or products offered. The degree of success determines the degree of reality of any plans executed. This holds for each and every segment. It is very well possible that opportunities with regard to one segment are well nigh impossible for another group of customers with entirely different demands. For instance the consumer wishing to record music on tape, has completely different demands from companies who need such tapes for secretaries recording letters. In likewise manner, the final stage of development must be studied for each segment. Perhaps at the start deviations may show. The knowledge of a new product will be slight, whereas positioning with regard to competitors, which is dealt with below, has not yet taken place. The danger may be that the developments in such an initial stage are considered absolute.

2. **Positioning.** Before, mention has been made of interferences of interests in case of initiatives of different groups active on a market. Most particularly this will be expressed in case of new initiatives. These disturb established relations, insofar these have developed. As a cell in a public whole, an enterprise must investigate this, to assess what resistance or support can be expected in relation to its initiatives. Stocktaking of these considerations, which might hold
for other interested market parties, is therefore indispensable.

Starting from the key factors of the various markets, as established above, it can now be determined which party holds the best position under the given conditions. It will lead to alternatives, which must be weighed. For instance, starting something new oneself, trying to gain a lead by acquisition, etc. If and when a competitor should already have a leading position in a market, this must form the starting point for determining one's own position. Overtaking the competitor can only be considered, if conditions are indeed such that the competitor's position can be undermined. One may think of the Italian oil company Agip, which in the confused postwar period managed to evade its big competitors and since then has grown to a concern of significance. Or the new companies that started making microprocessors at a time when competitors well-known in the market, were still offering rapidly aging products. These examples will suffice. It is of no use to trace all imaginable 'connections' and deal with them here. What matters is to trace how the positions of various parties will be relative to each other. This varies, not only with regard to the competitors themselves, but also how they relate to each other in any one period of time. The possibilities therefore are nearly unlimited.

At any one time due account will have to be taken of power in relation to interests, exerted by thirds. To this one's own position must be continually attuned. What it comes down to is to distinguish—after determining the market openings— as sharply as possible the relative (power) positions. Subsequently business can be started or negotiations carried through as creatively as possible to one's own advantage. Where opportunities abound this can be done more aggressively than where threats are too big. Acquiring the majority of a competitor's stocks strengthens the new owner. Where matters are less favourable, a more moderate approach shall be chosen. E.g. by entering into a contract with a third party to sell products instead of producing these.

- It is pointed at the parallels in politics. What also counts in that area is properly estimating the positions of the partners in negotiations. Albeit that the matters
are often considerably more complex. In his thesis Kissinger gives numerous examples of the fatal consequences of misinterpretation of positions of negotiating partners. (135) This is only partly comparable to situations in companies. As is shown when takeovers are undone. (136) Besides the negotiating partners in business nearly always have to deal with higher authorities. In case of differences usually an appeal can be made to such an authority for a binding decision. It is also pointed out authorities needed for approval in case of mergers and so on. For the sovereign nations this has shown to be more difficult to realize, which has resulted in escalations implicating more parties.

The essence of this part of the investigation is to appraise one's own future position, starting from the key factors. Underlining the fact that the policy to be pursued can only be established in relation to other parties' interests.

From this follow the measures to be taken in one's own environment, as explained next.

Criteria. The consequences with regard to the policy to be taken, starting from one's own position, have been further mapped below. They render the conditions as to the feasibility of the plans.

- Relations. Per area or field it is the purchasers who indicate how business has to be arranged. Commercial nations such as the Netherlands have experienced old how to adapt to local cultures. Even though the key factors of business remain intact, it is still the 'couleur locale' that provides a deeper relief. The personal relationship with the customer ultimately governs the success of the business. This is mentioned in literature. (137) The customers' expectations of the supplier must be made explicit per region and per market group.

- Competence. Knowing the business is therefore as much based on knowledge and experience of what the enterprise encounters from the outside, as on what happens inside. For example, a lawyer will have to be able to express his legal considerations in an acceptable manner, to both his clients and colleagues. Of course this holds for anybody
offering services or goods. Professionalism should be in line with communicative proficiency. The degree of influence of customers in transactions will determine the level of this proficiency in the suppliers. An architect, for example, will be more occupied in this way than a medical specialist, whereas someone in fundamental research can practically go his way 'undisturbed'. Consequently any beginning enterprise must investigate the ambience, setting and mentality of its field of business. This must be the guiding line. Which in turn will then define the type of organization required.

- Organization. Establishing the required competence and expertise will provide a clear picture of the tasks to be fulfilled in the new organization. This must be the basis of the organization. In the first instance this will be a qualitative conclusion. However, as the scope of the activities will increase, quantitative issues will occur progressively. Several functionaries will deal with one task. Moreover, divisions in specialisms will develop. In either case this implies a heavier burden on the internal communicative aspect. Combining similarly disposed forces in 'organs' i.e. departments, subsequently results in an organization structure.

From the key factors regarding market in relation to product thus the critical activities are established, determinative of the type of organization needed. In accordance with the line of thinking presented here, this can be worked out, albeit in outline only. Should this be approximately known, the financial aspects of the business can be considered.

- Finances. The time is now fit to appraise the amount of investment, entailed in the plan. The expected returns will have to be assessed in order to get a picture of the final results. As such this offers a better grip for the earlier rough estimates. -See page 154- As more detailed knowledge becomes available in the next phases of the investigation, a clearer picture will be obtained. For the time being the only purpose is to discover
ESTABLISHING A VISION

- CLIMATE CONCEPTION
- CONSEQUENCES
- MARKETS
- INTERESTS
- PERSPECTIVES
- POSITION
- VALUES
- CRITERIA
- KEY FACTORS
- VISION
- LIMITATIONS
if the present situation warrants further study. Contrary to a new enterprise, an existing enterprise will be facing extra complications as regards adaptation and fitting in of the new with the already existing. Moreover this must mean progress in the totality of operations. Below this is further dealt with according to the previously plotted path.

-See figure 25B-

In regard to the perspectives, the key factors of the newly considered products must harmonize per market segment with the existing product range. Selling department store articles in a boutique will turn off customers, as soon as they realize this. They will experience this as a 'cheapening' of the store. The idea of exclusivity is violated. Which is exactly the basis of the boutique's relation with the public. It is a key factor which the boutique owner cannot bypass.(138)

It also is manifest in the pains manufacturers of consumer articles have when penetrating the professional markets. Even though their knowledge and experience may be more than sufficient to produce highly qualified products, their image works against them.(139)

This shows that the key factors of market and product should be the point of departure in thinking and acting. In this respect the marketing literature leaves (still) many questions unanswered.(140)

In contrast to a new company, an existing enterprise has the extra handicap of having to solve the puzzles of the particular market-product combinations and their relative interlinking connections. The repercussions this entails with regard to third parties will further complicate this issue.
Positions once taken in by the various groups of interest, can be of decisive consequence for the policy of the enterprise.

Should the key factors in the starting position for new developments be more opportune for competitors, the consequent barrier must then either be overcome or avoided. As exemplified before, publishers of scientific work experience this, for example, when they are offered manuscripts for a wider circle of readers than customary in their assortment. If and when such popular scientific manuscripts are published this cannot be done under the established name. That would lead to a loss of faith of regular purchasers such as scientific institutes. Therefore this kind of situation opens the possibility for competition. It has been the universities, which i.a. on such considerations, have founded their own 'university press'. Even though these are often allied to commercial publishing houses in this field, which cater for the sales of the university publications.

Underestimating and neglecting the key factors as 'fundamental principles' in business cannot but have consequences in the market place. No enterprise can disregard this. It reflects on the execution of plans, as explained further.

The criteria as to performance will express the consequences as regards the execution. That which is considered desirable on basis of the market perspectives relative to one's own interests, must now be tested on its merits. This test bears on the possibilities available either inside or outside the enterprise. It reveals the terms under which actual realization of the plans is possible. Pursuing the proposed procedure shows the following.

- Business relations, as emerged in the course of time, have a direct claim on the activities of their suppliers. This is a result of the pattern of cooperation developed. Another look at the example of the scientific publishers, shows that these companies sometimes offer new publications unannounced, as standing order. It will be obvious that this requires the utmost
circumspection on the publisher's behalf when offered new manuscripts. Notwithstanding the fact that such a new manuscript may be very attractive, if level and contents strongly diverge from the customary work, the risk of publishing it will be too high within the existing framework. Publishing under a different, new name, has the drawback of the customers' unfamiliarity with the name. They do not yet know what to think of it, which will cause sales to be disappointing. An alternative might be the acquisition of a publisher established in such a field.

In a similar manner any damage to an established name is prevented by launching a new product in trial markets. A joint venture between an unknown manufacturer of new products and an established enterprise points in the same direction.

In all these cases the aim is to prevent any damage of the supplier's image in the eyes of their customers. Irrespective whether this concerns objective or subjective arguments. What matters are the key factors representing the characteristics of what may be expected in the market. This in turn leads to the expertise and capabilities, required to proceed successfully. -

As far as expertise is concerned, few difficulties are to be expected when the nature of the new activities is in line with the present activities. There is, however, the danger that this is assumed without further thoughts. Even though this is only a slight risk. Most products have originally been designed for special purposes. The critical activities have been the expertise of product engineering and the like. Only later these products have found more general applicability in ever greater markets -through so-called learning curves-. As these products have attained their final shape and quality, stabilization has occurred. Thus the price has become the primary weapon in the competition. This tendency causes a shift to come about in the critical activities from product expertise to process control. In a similar way, for entirely
new inventions exactly the opposite will happen. What will be clear is that either style is hardly compatible with the other. If a purchaser's irregular demands necessitate direct contact with the supplier, e.g. an engineering agency, the approach required will differ greatly from repeat orders or orders for standard products. In the former case it is the unique solution that matters, in the latter the delivery time and price.

Again and again it is found that in everyday practice, only scant attention is paid to the consequences of new plans in view of management. The organizational repercussions which will result, are explained below.

- From the organizational point of view, a product oriented outlook with direct contacts with customers occasions a flexible, universally set up, adhocratic organization. The opposite will be a bureaucracy, directed at determined, sharply outline goals. Not only the frame of mind and disposition of personnel are diametrically opposed, but the resulting organizations will similarly differ.

To illustrate the point a trading company is taken, which intends to change over to supply equipment on specification to its original market. This implies a project organization with designers, work preparation, manufacture, service, etc. Moreover, sales will not be limited to booking orders for existing equipment. Extensive study of the customers' actual needs when demands are put down, will also be required. In view of the purchasers' unacquaintedness with the technical potentiality, the final result cannot be specified adequately. This testifies to the need for trained personnel, able to achieve satisfactory results. For, this is the basis of the production organization.

It will be apparent that it is impossible to provide for such particular adhocratic activities within the framework of the bureaucratically oriented trading activities, without more. Actually, there will exist two separate,
independent units with only a minimal overlap in activities. The ensuing financial consequences will be further dealt with in the following.

- Financially speaking, the adhocratic and bureaucratic organization show conspicuous differences. The opportunities for the former lie, as stated before, in the inventiveness of relatively highly qualified and expensive staff. These must be capable of continually finding solutions tailored to their customers' needs. Quite different from companies supplying the same products according to established patterns. The larger the scale the higher the degree of mechanization and the cheaper the products, as a rule, can be supplied. Price is the only aspect which the market - i.e. lamps, nails, water, etc. - reacts to. To achieve a high degree of mechanization, heavy investments are required. Thus costly, human labour is minimized. In view of the continuity of the sales, the margin per product unit will be minimal. The financial result must come from the mass scale. The capital intensive nature, described here, is the exact opposite of the labour intensiveness of the adhocracies. The key factors of the last-mentioned type are found in the fluctuating character of the market demand. The implied flexibility compels a universal apparatus. Hand made work will dominate over mechanized work. In view of failure, higher margins will be needed to cover up for potential risks.

The intermediate type of company can be mechanized for standard versions. However, the restraints will be found in the small scale regarding the specific demands of the products. Thus the degree of investment is limited.
Deploying the Vision

- How to look at
- Why it works
- What it means

TOTAL AREA

MARKET

MARKET ORGANIZATION

OWN AREA

PERSPECTIVES

POSITION

CRITERIA

KEY FACTORS

VISION

LIMITATIONS
Deploying the vision

As stated, the interplay of key factors with regard to market and product dictates the ultimate form and size of an enterprise.

In considering this, already at this stage of the investigation, a view is obtained of where a first idea may lead to. The boundaries of the framework within which finally will be worked are perceived. The resulting picture can then be tested against what is deemed desirable and seen as fitting with regard to present operations.

The infrequency of such a preliminary investigation is shown by various company surveys. Too low a profitability is the regular complaint which leads to such surveys. Often the diagnosis is evidence of the fact that incompatible types are applied within one and the same company. Exemplary may be that already familiar cases again and again are dealt with as new by (too) highly qualified experts, or that specific problems of small scope are processed via (too) valuable, quantity oriented units. This cannot but lead to deteriorating financial results, as the key factors can show.

The picture of this treatise hitherto, leads to the formation of a vision with regard to an idea for a new product and the question, whether it is judicious to take further steps. The results of the two combined stages, deal briefly with the following. —See figure 26—

- In a total market the entrepreneur's interests lie in the part he can cover. He will aim at the perspectives following from the idea. However, not without considering the market as a whole with regard to those developments affecting his own field. This therefore concerns the business philosophy.

- Against the background of the overall market organization, the personal interests in the particular field, must subsequently be weighed against those of third parties. Thus one's position and the consequent policy can be evaluated.

- To initiate the realization, the merits required are set against the criteria, imposed by the particular field. If the estimated performance bespeaks an acceptable result —possibly after further adjustments of philosophy and policy— here is found the basis for further action.
At this point a vision has been formed, ensuing from those factors, which are the key with regard to the boundaries within which the enterprise to be developed would have a right of existence. This must now take further shape.
Policy points

Objectives of the enterprise

At this point a vision has been put forward, warranting further exploration of the concept emerged so far. The next phase will occasion an estimate of the main objectives of the business. For any enterprise this should aim at the following. -As stated before, see page 82-

. Progression, so that the initiatives taken can fully bear fruit via the envisioned way. The aim being follow-up e.g. by means of new generations of products.

. Power, to accomplish a position enabling defence of one's own interests without - too many - risks.

. Profit, so that by means of the most efficient set up optimal effectiveness is reached to achieve the most favourable final result.

The formulation already shows how these 3 objectives are interrelated. Developing an idea until it brings in more than it costs is a familiar concept. This is only possible if the growth is not seriously impaired by third parties. Equally important is that growth and prosperity will only occur, if the external demand operates as a 'motor' and internally there is an apparatus that fully meets the challenge.

It is a remarkable fact that business literature pays little attention to this triplexity in objectives. (141)

In the third phase the present investigation is set against these main objectives.
EXAMINATION OF OBJECTIVES

KEY FACTORS
VISION
LIMITATIONS

PROGRESS
POWER
PROFIT
Determining the position

Examination of prospects

Consequent to the creation of a vision with favourable prospects, the point during this third phase is to further fill in the present accomplishments. This concerns investigating the expected final results. So still a preliminary approach. However broad this may be, the results may be essential for other steps to be taken in the development process.

In principle two alternatives will materialize. Either the outcome is so significant that the decision to stop or continue is not difficult to take. Or, one faces a situation indicating vulnerabilities requiring further investigation. These may be critical points, which, depending on their value, determine success or failure. What matters is that points meriting extra attention come to the fore. In itself this is a step forward. The outlines in the considerations thus are becoming clearer. The abstractions of the first approaches gradually change over to more concrete pictures. This process involves more detailed information, requiring relatively more effort, viz. through ever more diverse specialisms.

At this point management will have to delegate more and more. However, it will have to guard that the common interest is maintained as the basis of all activities. Specialistic contribution is aimed at giving a sharper insight into an individual element. This may occasion corrections in the overall picture of the 'plan in the making'. There is, however, the danger that a correction is too heavily stressed in relation to other elements. Then a 'distortion' in the overall picture will result. This might occasion other specialisms to react, leading to more serious aberrations. Due to insufficient management this may result in an escalating spiral.

Mapping the 3 main objectives of managing a business leads to the undermentioned considerations. Following the established procedure, first the initiative itself is evaluated. Then it is related to activities already performed.

Progression. Apart from the observation that there are expectations for growth, as determined before, this must be further specified.

On the one hand this means a deeper insight in the
present market potential than hitherto the case. It might for instance prompt an orientation by means of a market study. In that manner an idea is obtained of the expected market demand. However, it will be much more difficult to determine the speed of development of this market. Here risks will occur, which the entrepreneur will be prepared to take or not. (142)
On the other hand the issue will be to set going developments with prospects of progression.
The invention, for instance, of a new physical phenomenon often creates work for years, as it leads to new generations of products. This is especially attractive to larger enterprises, whose strength is the time and capacity to successfully explore and exploit such an extensive project. In consequence of the increasing advanced state of the art customers expect of their suppliers, business will further develop. By participating in such a process from the beginning, a market leadership may be the result. The lead thus achieved, is hard to overtake.
It will only come under pressure when a new phenomenon is discovered by a competitor. Should he then be able to market even better products, 'shifts' in demand as well as in the positions of competitors will be the result. This is illustrated by the arrival of chips, software generations, etc. (143)
Power. The above consideration once more shows the incompleteness of a market's evaluation if active third parties are not included. What matters is not only demand, but also offer. This asks for synthesis. Within the already established market perspectives the opportunities and threats with regard to one's own market position are considered. The interests of all parties should be kept in mind before there can be any mention of a step forward. Mapping out the adequate policy i.e. course, no doubt comprises unanswerable issues. -For instance competitors will not provide so much information.- Thus it is indicated that risks must be dealt with. Extra attention in these areas may probably limit these risks. In any case it is known what deserves of attention. It may originate special precautions with regard to possible problems in these fields. What comes to mind are special exclusivity deals in trading negotiations between agents and
producers, furthermore annulment clauses, etc. etc.. It will induce intensive search prior to the market study to establish the points of investigation. Only too often afterwards it is tried to determine the essential, important issues. This is based on thoughtlessness.

So far the main point is that one's own market position is adequately mapped, so that the course with regard to the policy can be determined. This means that the risks, which will always be there, are within acceptable limits. In how far the plans should be continued will follow from the below mentioned.

Profit. The 'apparatus' serving as the 'carrier' of the envisioned plans must fit in all respects. This in no way means that what is planned politically should be exactly in line with what is feasible and can be introduced without any adaptations. Such a utopia cannot be taken as a starting point. What matters is availability of expertise and capacity. For the apparatus to be built, these should be available at the required time, at the optimal level and to a sufficient degree. To this should be added that all composite units of the system to be built, should know how to work together as usefully as possible.

Thus put, is will be clear that such a level of cooperation will never be achieved. And should it ever be approached, this will deteriorate, for example due to changes in staff. The existing system will anew have to adjust to the new executive. Just as this holds for this executive with regard to the system encountered.

On basis of what the labour market offers and what suppliers of equipment and the like can supply within the proposed time, respectively, the possible accomplishments must be assessed. Moreover the system must be geared so that, taken alone, it produces the highest possible effect, i.e. profit. The complexity of this matter is often underestimated in practice.(144)

All 'pieces of the jig saw puzzle' must be pieced together. Only then it will be clear that, since they originate from other systems, they cannot be fitted together without more. The 'teething' and adjustment requires time and imposes its limitations as to what
is possible. This engenders cost. The kind of organization set up, imposes limitations to the plans. This is extensively and often dealt with in literature. (145) But that is where the matter often stops. The connection, i.e. the integration with the other aforementioned subjects is summarily dealt with at the most. This does not mean it is not noted. The problem is that it is only noted within a specialization, which often itself takes only an isolated position. The overview is missing, as is the experience to offer solutions which benefit the system as a whole. Such is the task of management. - See page 67 -

Here has been drawn the system that must produce the ultimate profit. Of course, it does not stand alone. On realizing a plan the boundaries of the actually possible become visible. This is interrelated to the policy pursued.

The implication of these considerations lies in the relationship of the 3 main objectives. Financial success alone, to which progression and power are subordinate, may in the long run undermine the possibilities of existence of an enterprise. Research, searching for new ways, forms the basis for a competitive position. This is valid for markets, products and processes, both externally and internally. Investments to this effect are required. These will mainly be financed by money earned. If this is not the case, a hollowing out will take place notwithstanding the promising financial results. A number of companies have experienced this i. a. in the seventies. (146) As stated before, it concerns companies, which on basis of their key factors, have not grown to the form and size providing an optimal starting position in the power relations to other parties. This already indicates what extra complications may occur in relation to the 3 main objectives when integrating a new service or product in an existing enterprise. This is further explained below. - See fig. 278 -
27B INTEGRATION OF OBJECTIVES
As regards progression two ways are open.

Either, once a cycle of development has been set going it is further adapted and extended. New generations of products find their way to the market according to a planned strategy. In this case, the underlying idea is not new but originated at an earlier date. This is now executed. Clear instances are provided by the automotive and the aircraft industries, etc. with their new models.

Or, in or outside the enterprise new ideas originate, which are followed by initiatives starting up a development showing a still unknown perspective. Here an instance is provided by Philips with the Philishave. (147) Started outside the company, the appliance in the making, was taken up by Philips and produced in a manner, which proved acceptable for the market. It is a case of creativity from an adhocratic background, which came to growth in a more bureaucratic environment by means of long-term, repetitive experimenting.

Many quite new ideas spring from signals picked up in the market. (148) Innovations, on the other hand, are often the result of lengthy company research.

What it amounts to is that, whatever new development is considered, the opportunities for progress for the enterprise as a whole, should be reinforced. If this will be the case, can only be determined when there is agreement with the power position and the expected profit. I. e. there should the best possible balance.

With regard to power the aim for either possible development should be to increase the grip on the market. The time will only be ripe to market an innovated product if, either the present product range is threatened by more advanced products, or opportunities present themselves to obtain a lead. The attention is drawn to the search of the right moment for launching a new car model. Years in advance the taste of the public is sounded. From the worked out 'blue prints' a choice is made for the model which is most promising. The time should be such that there is adequate time for production and distribution. The risks inherent in such an early decision in view of changes in the market, will be clear. It shows the
need for well-considered decisions. It includes determining where imponderables and uncertainties may occur. Thus enabling one to determine the ultimate times adjustments can be made, should the need arise. (149)

This being so for innovated products, it is still even more valid for entirely new products. Moreover, the risks for an established enterprise will most likely be higher than for a newcomer. Innovation is required in order not to lag behind. The purpose will be to come stronger out of the fight, in spite of the risks involved.

What is imperative is control of one's own position in order to be able to execute new activities as adequately as possible. And all this within the framework of previously determined, acceptable margins. For that is the basis for the profit to be achieved.

Profit forms the cope-stone. It emanates from the system to be introduced. The more effective this can operate, the more profit can be expected. In this respect the system creates the conditions. The plans in mind should be fully executed. If this is not successful, a new balance should be considered when striving for the three objectives: progression, power and profit.

Consequently the marked difference between a replacement product and an entirely new product or market will come to the fore. In addition a similar observation can be made about maintaining a market by means of innovated products, or the opening up of entirely new markets with existing or new products. In case the present situation is extended, albeit with new products, the chances will be great that the existing system can be usefully employed, possibly with some adaptations. Should, however, new products be introduced the results will be more far-reaching for the system employed. Whether available facilities can be used will mainly be determined by the knowledge and expertise of the employees, rather than by the available facilities in the organization. It is pointed at the higher flexibility of people with regard to machines. Simultaneously it must be pointed at the risk of misinterpretations. Especially with
regard to matters which seemingly are regarded as similar, differences may be greater than expected. Usually this involves greater expenses. A feature shown prominently in companies which are privatized after previous mergers. Something considered best for all parties.

What it amounts to is to form a system leading to the most favourable (end-)results. It interacts with what is feasible in progression and the policy to be followed.
28. Periods During Product Life Cycles
- Concerning Demands and Supplies -
The place of the main point in such a system of course depends on the degree of development of the system in question. — See figure 28. In view of e.g. the life cycle of a product this shows the following with regard to demand and offer.

- During the introduction of a new, unknown product, the point will be to convince a hesitant market of its usefulness by means of quality. (150) Here the main point is to be found in the preparations. On one hand this concerns the product proper, on the other hand the publicity.

- Once a market demand has come about, the balance changes over to delivery. Coping with the growth by selling as much as possible and consequently producing, is now the central issue. And, what is more, keeping the edge on the competition.

- Once the demand stabilizes, this may lead to launching a next generation of the product, whenever possible. The first signs showing that the original product has had its time, will signal the start of implementing preparations for the new generation. Thus the cycle will be repeated.

However, if this is not the case and should the development of the successive generations be considered terminated, a completely new situation occurs. No longer the market position of an enterprise is determined by the degree of advancement of its product in relation to its business relations. Considerations of self-interest may lead to (cartel) agreements. Mostly at the expense of excluded, often smaller competitors. Under the prevailing circumstances these will not be able to compete. They will then i.a. become part of the larger enterprises through takeovers. The main point in the latter mentioned enterprises then becomes the most optimal deployment of their strengths. By means of increasing the scale the utmost efficiency is aimed at. Then the concentrations of the large concerns remain. (151)

On basis of the considerations as regards key factors the future form and size of the enterprise can be established. It implies that timely conclusions can be drawn as to how far an enterprise is removed from its
final stage, should nothing unforeseen happen. This facilitates the decision how to progress: independently, in cooperation with other enterprises or finding other ways.

So far it has been investigated if and to what degree the main objectives of an enterprise, taken in themselves, can be met. However, this consideration is not isolated. It also depends on the local circumstances. Determination of the most favourable place of settlement is elaborated upon below.
29A Fixation of Conditions

Integration
Prospects
Composition

Continuity
Comparision
Concretizing
Investigation into conditions

If the outcome of the investigation so far has been positive, it is sensible to proceed with the next step. Its aim will be to compare the plans with the eligible places of settlement. What matters is to determine what conditions are prevalent at a particular place. In a highly developed area - with many regulations - these will doubtless be heavier than in an area not so far developed.

If the boundaries have been clearly established, the place can be examined as to the 'space' available for the enterprise in mind.

The below mentioned points are regarded in this 4th phase according to the customary procedure. -See fig. 29A-

1. Continuity. However favourable the expectations of a future market may be, this will mean little as regards the continuity in demand. Arms producers will run at full speed during times of belligerence. In times of peace problems will occur for them. Uncertainty as to what, and especially when, something may happen, makes entrepreneurial practice very complicated in this respect.

Indeed this holds for more companies. Amongst others for those selling products under public discussion. Cigarettes, disposable processing with 'harmful' waste, liquor and the like, illustrate the difficulties for a responsible administration.

For dairy factories that have to deal with a fluctuating supply throughout the year, this has been accounted for. By storing the surplus in milk production as milk powder, a buffer is created to be used in case of scarcity. Thus the following point of consideration is introduced.

2. Concretizing. Even though the future market shows signs of demand, the issue remains whether the idea can be realized in all respects. From the outset it should be clear what scale is needed to realize the plans in a concrete way. Referring to the previously presented key factors, the start-up may be at a limited scale, but even then the growth towards an optimal company size in the final stage, cannot be left out of consideration. Starting a 'general drugstore' in an area still unexplored and far from the civilized world is quite
sensible. In such an area there is still a need for the most elementary goods. In the absence of such a shop goods have to be incidentally hauled over large distances at high costs by customers personally. The availability in the direct neighbourhood has such advantages that customers will be prepared to pay for that. This then determines the position of such an enterprise. Its concreteness is guaranteed, as long as the connections with the more developed world do not change. In this regard it is pointed at souvenir shops and the like. They are the direct consequence of local attractions. Essentially the concreteness of an enterprise depends on the local culture. Starting an enterprise in an area not yet open to it may meet with resistance. Promoting employment in an agricultural environment by means of industrialization, shows how difficult this may be. However well-intentioned, due to lack of experience, local government will not always be prepared to take the necessary measures. The agricultural population, used to taking its own initiative 'with an eye to the weather', is not ripe for it yet. It is at odds with the customary method of working according to a fixed schedule by the clock. This leads to the following consideration.

Comparison. For the plans to realize an enterprise on basis of a certain idea, the available resources are of essential substance. Not only with regard to the human resources, but also as regards the suppliers. In either case this pertains to both the required level and required scale, i.e. numbers. For example, this proved to be one of the major obstacles for starting the Volkswagen plants in Mexico. For a number of years this has plagued the company. At the time the contract with the Mexican government was based on supply from the direct environment. But this was not in step with the demand for quite a number of years. Thus leading to a backlog with long delivery times. (152)
STABILIZATION OF CONDITIONS

Integration

Prospects

Composition

Outlook

Continuity

Share

Concreteizing

Adeptness

Comparison

Fixation

Place

Bordering
What it all means is the determination of a starting position. When the resources are known, it will become clear where, in the particular constellation, the best opportunities are to be found. For example a factory will be economically-geographically oriented to its sources. This may relate to the available labour potential, as in the case of car manufacturers; or cooling water in the case of power plants. A retailer on the other hand will look for the place where the customers expect him, and are motivated to buy exactly there. 'The shop round the corner' or 'shopping in the city centre, indicate the customers' wishes.

In this manner the considerations regarding the place of settlement have been examined. This concerns so far a newly founded enterprise.

However, when this should be examined in relation to an established enterprise, an initiative will be more complex in view of the adjustments to be made. This is further dealt with below. -See fig. 29B.-

As to continuity, the major goal will be to provide an offer, which, besides providing growth, will on the whole be the least vulnerable to fluctuations in market demand. For seasonal goods summer articles will prove a welcome addition to products selling in winter. For inferior products, less in favour when there is a boom, superior products are a valuable addition. For a great many years this played for instance a role in the fermentation products: yeast and penicillin. -Knowledge and expertise of both products come from the same background.-(153)- This leads to the following consideration.

As far as concretizing is concerned, the difficulties to achieve will be larger, in so far as the new product is less related to the current assortment. The price of a new car model will only be acceptable, if a considerable number of parts of a previous model can be used.-(154) The cost must be controlled in order not to be priced out of the market. For completely new products the first step will be to examine if there are any competitors with a lead in this field. If this is the case, it is only natural to investigate if cooperation is a possibility. If one party holds the market, whereas the other can offer the product, this
might for instance lead to a joint venture. If may also be restricted to an agency, etc. If either party can find a way to further its own interests, such a form of cooperation can be made concrete. This is directly related to the third consideration.

Regarding the comparison, it must be examined how well, compared to competitors and the like, the available expertise and capacity warrant the prospects for a better accomplishment and profit. It only makes sense to proceed on the new way, if the enterprise in question can outperform and is more developed than comparable enterprises. In this connection the learning curve is brought to mind. A new service or product can then mean a logical step forward, if it concerns a more developed product generation. One only has to think of the difference in expertise between small and large aircraft manufacturers. For each there exists a market. Apparently the manner of production is so different that they are able co-exist in this respect as well. It will be clear that the new activity continues on a path, affiliated to paths already followed. Using the available sources, any new initiative can only bloom if these sources are suitably employed. Thus the foundation is laid for the knowledge and experience of the enterprise to proceed with.

Should this not be the case and should an entirely new course be followed, it must be realized that it actually concerns a new, separate enterprise. For such a case the foregoing considerations are valid.

In conclusion it can be said, that the need for an investigation for places conducive to starting up an enterprise, must needs be recognized. This is closely related to the objectives in mind. The one cannot be considered apart from the other as the following may explain.
OBJECTIVES AGAINST CONDITIONS

CONTINUITY

PROGRESS

CONCRETIZING

POWER

COMPARISON

PROFIT
Objectives against conditions

If, in the light of the enterprise’s objectives, a clear picture has been obtained of what can be achieved, this will not work out anywhere to the same degree. An investigation as to the most appropriate place or environment is essential. I.e. where the conditions for realization are most favourable. Historically situated enterprises often find in the course of time that they are not optimally located. This may initiate a move. One may think here of enterprises moving from the city centre to an industrial estate. Quite often such a move offers savings thanks to better roads for transport, more efficient design of buildings, etc.

A new enterprise has the advantage that it can take these effects into account from the start.

The relation between the main objectives of an enterprise and the conditions imposed by the environment, is considered in this 5th phase. –See fig. 30A– The procedure followed has the familiar pattern. The matters dealt with are:

. In the first place the objectives should be weighed, in the proper order. Starting from the market potential for growth of an idea launched, the next step implies assessing the opportunities regarding a concrete policy on basis of the potential inherent in the enterprise.

. Secondly, the conditions imposed by the environment should offer ample opportunity and space to realize the initiatives. Not only for the present moment, but also with regard to future prospects. Against this background considerations have to be made.

. Progression will only be possible if the demand of market does not fail, either temporarily or permanently. A buyers’ strike, as occurred in the Netherlands in the textile branch in the years 1987 and 1988, has had far-reaching reverberations. New shipments of garments could not be paid from the proceeds of earlier orders. The fact that this continued for two years not only meant a predicament for the businesses, but also for the banks. The latter have the choice to stop financing their clients and safeguard their interests as much as possible in case of bankruptcy, or support their clients, assuming that
the market will revive. For the textile businesses this means choosing between smaller orders than before, or increasing the numbers in view of the public's reaction, which is bound to happen. For either type of company these are the entrepreneurial risks. For any initiative to be taken it is essential to explore the likelihood of a disturbance of the market demand. Not only as regards buyers' behaviour, but other influences such as fluctuations in the market, currency changes may affect, positively or negatively, the demand. If the resulting uncertainty enhances or lowers the attractiveness of the plans is enclosed in the following. The issue here is whether the customers regarding their expectations and wishes show a predictable picture to act upon.

In order to be able to effectuate a position, i.e. power, in a certain environment, it is vitally important to scrutinize the power and influence of third parties. The manoeuvring space for the enterprise determines the possibility to bring a responsible policy to concretion. Though this is not only determined by external influences. In this respect, paying attention to the employees more than often is the case, would be very sensible. Where the point of departure often is a fixed working pattern with a bureaucratic basis, a changeover must be made to an explicitly innovation minded, adhocratic working method. Psychologically speaking this requires energy from both the leaders and the followers, to enable them to apply their specialistic knowledge. Both externally with regard to authorities whose support is vital, and internally in view of cooperation and support, the political context of the plans must be examined. In this respect it is pointed at the difference in consideration of an enterprise towards customers and towards employees.
30B CONDITIONS AGAINST PROSPECTS

CONTINUITY

PROGRESS

CONCRETIZING

POWER

COMPARISON

PROFIT

FIXATION

PROSPECTS

BORDERING

KEYFACTORS
VISION
LIMITATIONS
The core of the problem lies in the relatively independent position of trading partners. What it comes down to is the final profit. And as such related to other comparable businesses. This calls first and foremost for management. Together with the employees they must achieve this common goal. It goes without saying that a fixed script is not available in this respect. If this were so, management would only have to check if operations went according to the rules. However, this is not the real state of affairs. Such a way of reasoning presupposes an unchanging situation. Sickness, vacation or disturbances cannot be precluded, to mention but a few instances. Work-to-rule actions also show the degree to which operations must be adjusted at the initiative of the employees. It shows the need for consultation between managers and employees. Nonetheless, hardly any literature can be found pointing at these shortcomings. Regulations from above provoke questions which too little are seen, let alone answered. This causes confusion. The staff tries to make the best of it, in so far as their field of work can be overseen. The increased risk of further deregulation of the organization will be evident.(155) Generally speaking, the less dependent role of suppliers will make the need felt for consultation, to find solutions for problems in the mutual interest. A possible disruption of a relationship enforces deep attention for the mutual interests and wishes. Staff is generally seen less as partner and more as the executor of commissions. Consequently the organization functions less than optimal and at higher cost than required. The enterprise best able to attract its relations and staff to achieve the best result, will come out most prominently. This will be the case for a company making the most effective use of its resources.

When summarized, the sequence of the main objectives progression, power and profit is best expressed, within the context of the conditions in any particular place. -See fig. 30B. Thus the realistic expectations as to future plans are established. The boundaries for manoeuvring have been indicated.

Thus has been established what can be expected from the
surroundings with regard to the plans. The outlines regarding the future have been established. Manoeuvring will be within these boundaries.

This means a further completion of the enterprise 'in the making' with regard to shape and scope. Then a synthesis between the requirements of the environment on the one hand and the contributions of the enterprise on the other hand can be realized. In this manner the most favourable location can be selected from the places considered.
Design

Basic patterns

If, within the limits stated, the expectations of the investigation so far are positive, the plans can be further worked out. From now on this concerns the design of the enterprise. The following questions should be answered. -See page 34-

. How the market needs can be related to the enterprise. I.e. the line to the customers should have an additional trajectory inside the company.

. Why the people involved finally approve. On their acceptation viz. cooperation, externally as well as internally, depends the success of the plans.

. What it actually means when the plans envisioned are realized.

Thus the line plotted is further extended. Not yet in detail but in its essentials. What is considered now is especially the design, serving as 'carrier' of the plans.

It will be clear that to this purpose, the pattern valid for any enterprise is followed. This will be utilized in the next phase.

The basic pattern will be the earlier presented pattern. -See figures 9 & 10-. What matters is the polarity found in any enterprise. On the one side this is the market, showing needs; on the other side the resources of the enterprise. Business activity occurs if a flow of services and/or products starts flowing from one pole to the other. The services and/or products entering the enterprise are processed into a form answering the needs of the market. This is the result of the entrepreneur's initiatives. Within the playroom allowed by thirds in connection with their interests, these will determine their enterprise's own policy.

Depending on the vacillations of all parties involved, an enterprise will always have to be alert to remain fitting in order not to founder. This determines, as elaborately explained, the adhocratic or bureaucratic character of the system followed. -See p. 104-
31. PATTERN OF COOPERATION
- IN 4 MAJOR ELEMENTS -

HIGH STANDARD
SERVICES/ PRODUCTS

PROCEDURE(S)

CAPABILITIES/CAPACITIES

LOW STANDARD
SERVICES/ PRODUCTS

MANAGEMENT/
MANAGEMENT STAFF

STRUCTURE/
DEPARTMENTS
Pursuing this line shows that any enterprise can be considered to be built up as follows. -See fig. 31- From the point of the production of services and/or products any business system consists of four major elements. From the established sequence follows their relative connectedness.

The physical possibilities determine if a flow of products can be started at all. For, the physical phenomena determine what procedures must be followed to achieve results. They are imperative and can in no way be avoided. As regards products this needs no further explanation. Insofar as services are concerned, the next element expresses this more clearly. Nonetheless, paper is for instance needed to pass on a message, or a file is used to store information.

Thus technology is introduced to control the procedures. The first point of consideration is the ability to master the procedures. Irrespective whether this is manual or machine-wise. The prime consideration is the possibility of execution. Only then further steps can be taken, i.e. the capacity regarding the amount of work involved.

Only if alternatives are found, both physically and technically, the relation to the aforementioned capacity can be economically reviewed and the most favourable alternative determined. However, definitive results can only be expected when the following considerations are taken into account.

Need should be taken of the cultural differences in view of the applied physical procedures and the consequent techniques. This holds for manual labour, which will always be necessary. Even if it should be restricted to inspection and maintenance, as could be the case in a process industry. It means that requirements as to people operating e.g. glass furnaces will differ from those operating in assembly, warehouse, forwarding, etc.. Both physically and technically and consequently culturally, employees differ to such an extent that separation in departments is necessary. Such a structuring of the organization is based on 3 criteria. Physically, e.g. due to differences in temperature in departments, technically, e.g. machine noise, dust etc. and culturally in view of the differences in the nature of activities. To this may be added the fact that large
departments may need to be split up in view of controllability.

So far the business system has been developed as to its formal design. However, the life chances of such a set-up are quite low in view of two aspects.

- At short notice at any time something can happen which might disrupt the system. This not only concerns e.g. machine breakdowns, changes in raw materials or semi-manufactures, fire, etc. etc. There is also staff which can fall away due to illness, accidents, etc.

Moreover the entire system is not 'protected' against outside influences. One may think here of visitors; if these are not properly attended to they will disturb the system.

- On the long term there are no guarantees that the market demands will continue. -The same holds for the input side of an enterprise. E.g. the suppliers will also be active. This makes this point even more penetrating--.

This may show the unstableness of an enterprise in its formal set-up. The entire system can only be maintained, if the vulnerable points are well guarded. This is in fact management's role. All issues that cannot be regulated beforehand must be informally solved and steered. Thus every bureaucratic system is supervised by an essentially adhocratic administration. It provides for the day-to-day management of omissions in the course of affairs, respectively the long-term management, when conditions drastically change.
32. WORK TYPOLOGY

DEMANDS

MANAGEMENT

MANAGEMENT STAFF DUE TO MARKET APPROACH

ANALYTICAL WORK

QUALIFIED WORK

OPERATIONS

-QUANTIFIED-

QUALIFIED WORK

ANALYTICAL WORK

MANAGEMENT STAFF DUE TO BUSINESS APPROACH

SUPPLIES
Work typology

In order to adequately fulfill tasks any management should depart from two fundamental conditions.

- Being informed. It means awareness as to what is going on. The interpretation of the data must provide full understanding.

For the short and long term, respectively, this means:

- Company information, to establish if daily affairs run according to expectations.
- Market information, to become aware of the developments in the environment of the enterprise.

- Creativity, to ensure that necessary changes can be effectuated, should the information shows the need. The implementation should be most adequate and swift with full consideration of:

  - Internally, the most efficient generation of services and/or products. The main aim will be maximum profit i.e. financial result.
  - Externally, the most effective position to the market demand on the one hand and the interests of third parties on the supply side on the other hand. This determines the inclination towards progression and position, or growth to maintain and enlarge the market share, respectively.

If this line is continued, the entrepreneurial activities can be grouped in 4 categories. See figure 32-

- Operational departments, directly involved in the generation of desired services and/or products.
- Informative departments, gathering information to map out the relationships, which then must be analysed to find deviations from the expectations.
- Developmental departments, prepared to introduce improvements regarding the deviations, when requested.
- Management, steering and managing on basis of the analyses made by taking measures and giving orders to strengthen the enterprise.
33. CONFLICT SITUATIONS DUE TO MANAGEMENT DILEMMA

MARKET

ENTREPRENEURIAL MANAGEMENT

ADMINISTRATIVE MANAGEMENT

SOURCES
This leads to a work typology comprising 4 categories. Albeit that a duality can be observed. On the one hand it concerns the enterprise as such. On the other hand it concerns the environment in which the enterprise operates.

Within this work typology all imaginable functions can be found. The main line is that management administrates with the assistance of the management staff departments to the line departments. A remarkable aspect is the specialization of activities.

It is pointed at the analytical nature of the informative departments, the qualitative nature of the development departments and the quantitative nature of the line departments, respectively.

In view of the fact that literature mostly starts from an existing company as opposed to entrepreneurship, starting from scratch, as here, makes it unlikely that the work typology presented, has been dealt with earlier. (156)

The inherent source of conflict is explained below.

First of all there is the dichotomy in management. Before the dilemma: expansion or consolidation, has been pointed out. -See p 38- The question will be when which development should be preferred. -See figure 33- It will be clear that the administrative management tends to prefer further improvements inside the enterprise, rather than embark on new 'adventures'. The latter route is more attractive for the entrepreneurial part of the management. In view of its position to the outside, and even more in view of its attitude, its aim will be innovation and development with regard to external developments.

Preoccupation with a certain approach will be seen even more strongly further down the line. This finds its cause in the following reasons.

- Specialization. This is the direct consequence of the amount of work to be done per specialism. This limits the overview.
CONFLICT SITUATIONS DUE TO PRIMARILY DIFFERENT APPROACHES TO BUSINESS
- Education. Students are somehow preprogrammed in special techniques. Generally speaking, hardly any time is spent on placing matters in a wider perspective. Supposing that there are disciplines equipped to do this. Be it as it may, for both students and teachers, the overall view from a specialist field remains a problem. -As explained before.- -See p 41-

- Psychological pressure. This occurs if people are better qualified than their job requires. It leads to frustration. Within the corporation there will be few outlets. Everyone is facing the same problems. Time is lacking to listen to each other. The degree of insight of individual executives in this matter will determine how well this is coped with.

Against these backgrounds the following conflict situations in companies are designated.

- Primarily; in consequence of the preoccupations per category, the thinking and acting will be different. -See figure 34A- Thus latent conflict situations will occur, which, if not properly controlled, may lead to conflicts. For example, a quality-minded efficiency executive will especially favour fundamental improvements in a production programme, whereas a production leader certainly would not consider this as the only possibility. His goal is to achieve as much as possible with his organization. Realizing, that nothing runs 'ideally', he will regularly improvise to achieve his goals. Also in this connection. Similar examples can be given for a marketeer and salesman, etc..

- Secondarily; the conflict situations will converge within one category. -See figure 34B- They are rooted in the time-spans. For example, a salesman's contact with a customer is determined by agreements. For production executives this is fundamentally different.
CONFLICT SITUATIONS
DUE TO SECONDARLY
DIFFERENT APPROACHES
TO BUSINESS
In principle a contract starts with the purchase of the materials, equipment, etc. Next comes production and finally delivery, possibly followed by installation and service. Where salesmen think in the relatively short time-spans, production executives think in systems connected in time, i.e. first throughput times in the company including operating times. Therefore here is found a source of conflict, which must be guarded and managed to preclude escalation.

The conflict situations in management and below, show weaknesses in the entire control system. It has a universal character. At no place a specific enterprise has been taken as starting point. At no place a specific enterprise has been taken as starting point. Conflict situations will be less manifest when certain tasks are in the hands of one and the same person. This does not violate the principle as they continue to exist within this one person. He faces and weighs them himself. Herein is found the flexibility of the small in relation to the large organization. However, dependent on his views or 'preoccupations', he will have preferences. The inability to have soundings with differently oriented colleagues means a weakness.

As demonstrated, the origin of all conflictual situations must be traced back to the management itself. There the management dilemma will crop up again and again. Under influence of the entrepreneurial part of management, the more market-oriented departments will more quickly see and propound the need for innovation than the company-oriented departments. Under influence of the administrational management the latter mentioned will pay more attention to improvement of what has been achieved.

The result will be two streams. Two management circuits maintain rather than suppress the dilemma. -See figure 35-.

Via an 'open' circuit contact with the environment, especially the market is maintained. If investigations show that the circumstances are changing, the position shall be reconsidered. This may lead to proposals for changes in course. Irrespective whether they will affect the enterprise's position with all its systems.
35. CIRCUITS IN MANAGEMENT

MANAGEMENT

ENTREPRENEURIAL — ADMINISTRATIVE

INFORMATION FROM SURROUNDINGS

INFORMATION FROM OPERATIONS

RENEWALS — PROLONGATIONS

OPEN CIRCUIT (OPEN LOOP)

CLOSED CIRCUIT (CLOSED LOOP)
. Via a 'closed' circuit the results of the enterprise are established. If they necessitate changes for improvement of systems used, the relevant departments will be deployed. The organizational system as such is prolonged, albeit with possible changes or additions. This is then no longer in line with any changes in course.

The far-reaching consequences of the management dilemma will be clear. Added to this there is the complexity due to the interplay between the various departments. Each operating from its own point of view.

How far general management will be able to maintain sufficient grip on the affairs in an enterprise of some scope, therefore remains illusory. Let alone its ability to manage it in a balanced manner.

This difficulty has been considered by a great many people. (157) In all designs considered, the difficulty remains to control information to be able and capable of effectively bridging gaps. This must be continually kept in mind. This strongly strengthens the vision of for instance Pinchot that management should not only be 'from the top'.

At the spot, i.e. the 'shopfloor', the control and overview must be such that work can be managed with insight and initiative. This results in what Pinchot calls: 'intrapreneurship'. (158) The changes in course and operations with regard to execution will be too specialist to be filled in by the top. The top should therefore limit itself to coordinating the 'intrapreneurs', who are most expert in their field. For this reason any plan must start by determining the political course at the top. This is directly related to the feasibility. For, political desirability and practical workability together determine the feasibility.
36. SYSTEMS MASTERING
- IN A SMALL COMPANY -
This approach shows that any organizational unit must comprise the 4 major elements of the work typology. If one is missing the circuit is broken. This in no way means that all should be done inside. It goes without saying that a task can be done by outside specialists. Reasons may be vulnerability, e.g. a software house administrating wages for a medium-sized company, or legal rules regarding accountants, or originality, difficult to achieve in a large bureaucracy, which therefore commissions smaller agencies for advertising, etc.

A small enterprise avails of few facilities insofar as available. Staff work is only done by clerical services. They work for the various operational departments. -See figure 36- In a large company, the various divisions have their own staff units. -See figure 37- In the former case it is a problem of information dosing, in the latter case a matter of communication between the different units.

When summarized a basic pattern comes to the fore, enabling one to verify the enterprise as an overall system as well as for each operational unit. -See figure 38- This pattern complies with the four elements of the work typology. Each organizational unit is subjected to it. The required 'horizontal' harmonization lies in the hands of the units, whereas the 'vertical' harmonization is coordinated via the central staff departments, by general management. -See figures 36/37-

In this way first the question of how an enterprise should be viewed has been considered. Next the reasons for the necessity of commitment i.e. cooperation at all levels have been elucidated. Finally the benefits have been shown.

This has been used in the following phase of design of the enterprise.
37. **SYSTEMS MASTERING - IN A LARGE COMPANY**
Boundaries of project

Elaborating the plan

The ingredients for a draft plan have been provided in the foregoing pages. From these a first set-up can be made in this 6th phase of the cycle of development. In line with the method followed, the first step is to create a picture of the new enterprise. Thus a picture is obtained of all that is involved. Subsequently it can be considered if incorporation within an existing company, assuming there is such a one, is opportune. Any complications involved in such a step will then be considered.

Thus the following matters are reviewed below. -See figure 39-.

- Procedures. Naturally the basis of any consideration is how services and/or products of a lower order can be transformed to the desired higher order, i.e. in such a way that they coalesce with the market needs. This is the core of the consideration. As continually stressed, all that follows is subordinate to it. People and equipment are recruited to achieve this.

The physical possibilities form the point of departure. From that follows the technical realization. (159) In the third instance, the cultural constraints are considered. i.e. the type of organization structure and grouping" in departments, required for the particular business. If and when alternatives appear possible, the optimum can be considered.

Now the consequences of the estimates made will become clear. For, the premises taken as starting point usually are not fixed on beforehand. Markets show changing needs. The implications are that the entire system constructed, is subject to change. To deal with this management is essential. The management must take the initiative to remain in constant harmony with the environment.

At lower levels the same is valid with regard to the internal side of the system, i.e. in case of machine malfunctioning, illness, absenteeism, etc. This should also be taken into account at this stage.

Thus any system is not only the consequence of what management has initiated. Management should also safeguard the existing system against decay, both externally and internally -as extensively elucidated in the previous chapter-. 
The significance should be sought in the necessity to investigate for any new enterprise, where any uncertainties may occur. Management's anticipatory view should include policy as well as daily affairs. This should be done with the necessary reserves, as not everything can be predicted. Special attention should be paid to the informal side of enterprise. To cope with calamities resources should be held in reserve. This implies an adhocratic approach. Only part can be traced back to formal basic principles. It is pointed at the discrepancy in approach of business matters by executives with distinctive education and position within the enterprise, as explained before. Due to the consequent differences in thinking and operating conflict situations will occur, which may lead to miscommunication. It is management's task to acknowledge such situations and to prevent escalation, i.e. the occurrence of actual conflicts. That inadequate attention attention is paid to these matters when setting up new enterprises shows again and again. (160) Only when a company is scanned in a later stage this shows up. This brings to the fore the question how many manhours would have been saved, if appropriate investigations had been carried out when starting up the enterprise. Hence, how much uncertainty and consternation for the staff would have been avoided; how much better morale would have been so that work would have been done with more inspiration. This brings us to the following point.

Acceptation. Any design of a new enterprise or re-orientation for new products or markets needs a proper platform of cooperation in order to be realized. The prerequisites are conviction and inspiration. In the adhocratic circuit consultation starts until the people involved are of one mind. Thus the support is created needed for every department and team member involved to contribute from their own position. Coordination and push from the management is required to achieve this. It takes time to set going consultation and cooperation. Iacocca, for instance, described this process in his attempts to bring new life to the Chrysler corporation in the difficult seventies. (161) His book clearly shows the need for agreement between all parties involved in times of hardship. In the Netherlands a similar situation comes to mind with the revival of DAF-cars after its sales to Volvo. (162)
It is paramount that in the design of any business system time is allocated to consultation and cooperation. Including an estimate of unforeseen situations. Considerations exclusively based on technical-economical considerations, as is still often the case, will not contribute to realizing the expectations. It is noted that as early as the thirties, attention is requested for this point in management literature. Initially, however, without any result. Only at the end of the sixties reactions are heard. More from companies than from government services. It is then accepted that at the top of rather large concerns more can be achieved in the available time, with smaller teams than with the rather large groups customary till then: so-called 'unit management'. To make an effective start, small groups with maximum commitment and motivation are required. This concerns self-acknowledgement. Owing to the adhocratic nature of innovation executives feel now more involved and motivated. Peripheral activities are detached from the original enterprise for analogous reasons. They are either made independent or transferred to enterprises active in the same field. These examples point at an ever more effective manner of operation by means of intensive cooperation within the same sphere of interests. This brings the point of completion to the fore.

Capacities, capabilities, consequences. With the goal in mind, the time has come to give some concrete body to the ideas. In the closing part of this phase of the development cycle, the point will be to attain insight in the scope the project will take, the level of development and the consequences. This is a familiar notion for any project management. Its meaning is found in the fact that the consequences of earlier estimates now become clear in their completion. Not everything can be known before. It is pointed for instance at activities of competitors. Therefore assumptions had to be made. Thus stalemates are overcome. It is investigated if the assumptions can lead to an acceptable outcome. As long as the results remain within margins as regards the systems used there are no problems. It becomes critical if the results strongly depend on the assumptions made and an alternative leads to significantly better results. Then it must be investigated if it is
possible to further attune the premisses, or to find less risky ways. As to the latter mentioned case it can be investigated what it means to go no further than strictly necessary. When things later become clearer, it may be decided to proceed or not. E. g. printing offices for years used lead matter for small editions in view of re-use after melting. The same happened in very large editions owing to the resistance to wear. For editions of intermediate sizes offset printing has taken its place. (168)

Once the scale of production is known, the level involved can be determined. Starting from the kind of work, the key factors can be considered. Subsequently the requirements of the system to be designed can be established. For instance, a repair shop with a varying offer will demand more stress on ingenuity than efficiency.

In car factories on the other hand, this expertise is 'stored' in highly automated machines. For the automotive industry this is therefore a clear fact. Here the expertise shifts to the organizational talents to make the machines produce maximally at the lowest cost. To this effect even special scenarios have been designed. (169) Only if outside this field something occurs, a direct appeal is made to human ingenuity. Until then, however, the 'rules' as laid down, must be followed.

From the capacities thus arranged and the connected 'capabilities', follow then the consequences. The emerging picture will show for instance the size of the area needed. It follows from height and surface area of building, factory streets, warehouses, etc. It may show the need to consider a position close to a port in view of transshipment of raw materials, end products, etc. This also touches upon thirds, in this case the authorities providing utilities such as gas, water, power. Then there are facilities i.a. dealing with concessions such as pumping up water, dredging a channel. In this manner process industries with their own power generation must come to agreements with public suppliers, i.a. in connection with so-called 'parallel operations'.

In order to successfully deal with the whole complex of factors, reconsideration will be necessary now that the situation can be overseen. At this stage all factors are optimally readjusted. Then third parties outside can be contacted for further arrangements. Without any doubt the
interests of parties will not accord in all respects. However, if they manage to find a common ground this will be the starting point for cooperation.

The future will tell if such an agreement remains acceptable or needs modifications. The 'largest common factor' is looked for. Whilst in the first instance the 'smallest common multiple' within the own system was looked for. The outcome of this stage must therefore be deemed politically acceptable and workable to all parties involved. As regards concretizing, the last point, the following conditions should be fulfilled. It follows from what came to the fore in the previous chapter.-See pp. 190 etc. -

In the first place each unit or department contributing to the process of a product or service throughout the company, must function according to the work typology prescribed. -See figure 32- First of all it must have access to the information needed to evaluate its performance and must have access to the departments instituted to this effect.

Furthermore it must be investigated which departments can be called upon when improvements in the operations must be carried out. -This holds naturally for both input and output side of any operation.- The complexity is to be found in the fact that service departments often support various operational departments.

In the second place, management must be provided to realize this per unit. This implies both administrative management for coordination of the daily affairs and entrepreneurial management for innovation. Here lies a task to guard developing conflict situations, which are the result of the prevailing system and to prevent their escalation into conflicts. And to deal with the ever changing conditions. Within the own company this means taking full responsibility per unit. In collaboration with other units it leads to divided responsibilities.

These conditions respond to the basic pattern established above. -See figure 38- Its universal significance again shows from the fact that it can applied to any type of enterprise. In principle any enterprise or institute functions through autonomous organs. In partnership they should cooperate to be strong as a whole. At the higher level the first task is to provide the units with 'tools' to enable them to execute their work adequately. Management's second task is to safeguard the
cross-connections in the cooperation. This commands full respect for the autonomous character of each and every unit. However, when it must be fitted into an existing system, extra complications will occur with regard to the overall connection. The units themselves will not fundamentally change. For the total system functions due to the functioning of the autonomous units. It is pointed at the structure of the whole of society. Addition and adaptation remain therefore within fixed frames. This is further discussed below. -See figure 398-
39b CONSIDERATIONS FOR IMPLEMENTATION
As regards procedures there are in principle 2 alternatives.

- Either it concerns addition to and fitting in of the new within existing programs. This may, for example, be the case with new generations of products, permitting the use of the same raw materials, semi-manufactures and procedures, methods etc... The least radical measures will be in case of a replacement, such as a new model. Actually this will be limited to rectifications. The complications nevertheless encountered in large companies such as car manufacturers are the result of the quantity of the parts which are changed, and the the number of departments involved. The problem here lies mainly in the procedures to communicate the information. Fewer problems will be encountered in a smaller enterprise with only a few executives. This dictates the flexibility.

Considerable complications will occur when numbers change so much that technically-economically a breakeven point is passed for a cheaper procedure. In such a case the entire system would be involved. Possibly with the exception of the sales if there are no consequences with regard to the price. However, the scale is mainly a matter of planning. Thus far the stress lies on planning procedures and the like. If also changes have been introduced with regard to semi-manufactures to be made, the emphasis will also be on changing specifications. It implies adjustment or design of new tools etc. and retraining of operatives. It need neither be confined to the own company, as there may be repercussions with regard to co-makers etc.

- Or the product in question is so new that it can hardly be fitted into the present programs. First and foremost this concerns the production in view of the changed design. If it is limited to one component, it will hardly interfere with sales. In case of a semi-manufacture it will have consequences for purchasing. But generally the entire system will be affected. Starting with the revised information flows, followed by qualitative adjustments, the producing departments will be led to a revised performance.
- Should it finally, involve an entirely new product, the situation can be compared to starting up an entirely new company, as explained at the beginning of this chapter. This might lead off to a separate management, especially with regard to production. This has a direct bearing on the information supply, the qualitative and quantitative activities, in view of the pattern. Possibly sales and purchasing can remain unchanged provided they can keep up by training. However, the further diversification will go, the less this will remain so.

These considerations prompt the question why such a scheme would be politically feasible or not. This is dealt with below. Acceptation; the elaborated plan will make clearer what will be the result. Better than in any of the foregoing phases it can be determined if this is what is desired. The complications with regard to introduction may be such that too much exertion, resistance and consequently money and time are involved to achieve results. Which in no way means that the plans should be abandoned. It only restricts the number of viable alternatives. It may be considered to take over an enterprise, offering the potential needed. -To what degree integration will then take place will be the next step.-

What it actually comes down to is if the new product, apart from the practical considerations as discussed above, is politically feasible in view of the internal relations. It may meet with such internal tensions that a first consideration may be to contemplate other moves. If these do not lead to acceptable solutions, this is the point where the project might end. Perhaps an alternative might be to consider starting a venture with third parties. A joint venture may be a solution if an enterprise does avail of the technical and technological know how, but must enter a completely unfamiliar market, which is another company's field. If such an enterprise has made a name with products related to the new idea, a joint venture will be in the interest of either company. Uncertainties for the staff are thus avoided.

The essence is that the norms following from the historic development of an enterprise are not violated. From the strategic viewpoint this means that the business relation i.e. the basis of trust achieved in the course of time between supplier and customers, is disturbed when the
former comes with new articles not deemed fitting. Above, mention has been made of the scientific publisher who cannot permit publishing a popular scientific work. Similarly a producer of sweets will come into difficulties if it is tried to market medication under the same name.

For internal management the difficulty will be to combine custom-made products with new productions in series. The key factors for these two systems will be too far apart. A system attuned to techniques for systems so widely different that universal machines and tools will be used, demands an entirely different approach from automated production to realize economies of scale. Where in the former case it is the ability of the technologists that determines the success of the the enterprise, it is in the latter case the efficiency experts. This may also cause tension.

By introducing the capacities and relevant capabilities and consequences 'the pieces of the jig saw puzzle come together'. The picture will now be more complete. Adaptations and shifts, if any, should clearly show what adjustments and improvements are possible. It has now mainly become a matter of groundwork and calculation. Thus it should become clear which are the most promising alternatives. This also depends on the vulnerabilities and risks following from the the premises started from above. These preponderances shall be the basis for the proposition to present the most attractive alternative. Thus the grounds have been established for the the decision-making stage which follows. The alternatives presented will then again be weighed against the proposition presented as the most attractive according to the what has been investigated. Then considerations will be made with full regard to the overall interests of the enterprise. -This also pertains to matters not directly related to the above investigations.- Weighing based on progression in relation to power and profit leads to setting priorities. It may well be so that another alternative is preferred to the proposition made.

The above shows that the frames within which specialism and management play their respective roles, come ever more clearly to the fore. Issues subjected to fixed rules, such as determining the procedures, are the domain of the specialists. In view of training and experience they must be regarded as best suited to investigate if and what possibilities there are.
Moreover they are in the position to prepare a choice with regard to the best alternatives. For 'filling in' the picture the technicians are best suited. It is their task to find out by indicating the required people and means what it will all comprise. If then still alternatives are left, the considerations will be decided, as said before, by the economic and sociological implications, etc. The general control and decision-taking, especially with regard to the risk areas, is management's domain. Especially with regard to the political aspects of the plans in view of the imponderables that may occur.
Decision-making

Now a plan lies on the table, on which a decision must be taken in this 7th phase of the development cycle. Actually this is a conclusive decision. After this decision orders will be given. Especially this concerns matters with long delivery times, which determine the speed of the execution. The enterprise accepts obligations which cannot be renounced. If this were still to happen considerable claims for damages will result.

On the other hand, if after initially abandoning further action, it is yet decided to pursue matters, this will lead to loss in speed — with regard to competitors — and perhaps to confusion and loss of face internally.

At this juncture, when the consequences are not yet far-reaching, it is imperative to come to a well-founded decision of: 'go no go'.

As established before, it is (top)management's task when and where there is uncertainty, to investigate what is the matter and to take decisions with the interests of the company at heart.—See page 180 and fig. 31—

Hence the preparations should clearly and accurately indicate where the alternatives presented hold risks. The starting points or premises hold uncertainties, which must be clarified with regard to their consequences. If these are critical it must be investigated if responsibility can be accepted. If not, it is management's duty to ask for any less vulnerable alternatives. Contemplation of the stakes is determined by what is feasible and what may be lost. For an existing enterprise this is much more complicated as more has been accomplished. What this implies is dealt with below.

In the first instance the focus will be on the plan as such. Then possibly attention can be paid to fitting in with an extant system. Below follows the first part. —See figure 40A— The investigation has presented for consideration a limited number of alternatives, and a provisional choice. By reflecting on the alternatives and all other affairs to the discretion of management, it can be considered if definite steps are justified. Possibly this will only be when further additional information has been obtained. This comes down to a refinement of matters expressed.

Risks. The balance must be made of the uncertainties in the plan, and where these may occur. Also the consequences must
40A DECISION MAKING
be reviewed, if the premises started from are not achieved. In other words, the question focuses on break-even points. Hardly any danger can be expected for procedures which, even if on introducing the plan circumstances would considerably and unforeseeable change, can be maintained. However, if it becomes clear that proposed procedures cannot be continued if matters should develop differently, special consideration is required. For certain procedures demand the purchase of special equipment. This may differ per procedure. To illustrate this point, hospital investments rendered out of date are mentioned. New methods of treatment with related equipment supersede each other fast. The acceptability of the risks confronts management with political consequences. This leads to the following point.

Support. Before taking the final decision once more the balance must be made with regard to the support of authorities and people, crucial to the success of the enterprise. Cultures are not static but dynamic.(170) Especially governments, subject to democratic influences, may choose a different view on plans already subjected. Extension of the number of (night)flights at an airport show such a situation. Judicial hearings give in some cases an indication of the issues to be observed. Internally also cultural changes occur during the development of a plan. This entails 'participating observance' of the position taken by those involved during the entire process of development. Not only in view of rational considerations, but also in terms of 'expressive, ideational and symbolic aspects'. The purpose is 'to investigate the patterns that make organized action possible.'(171)

The question concerned is to deal with the 'ripening' of a prevailing culture for roads which are experienced as new. How far are the initiatives taken accepted and furthermore not only regarded positively, but also actively supported. The implications then are that the known and trusted is no longer followed, even discarded. The challenge emanating from the adventurous exceeds the conservative. The culture then feeds a mentality which, instead of oriented towards execution, is enterprising.

Such considerations will influence the ultimate decision. If the pre-selection has led to a proposition with regard to the various alternatives, a less obvious solution may be
preferred. No longer it is only the concrete facts and "hard figures" that play a role. These do however bring near the closing piece of the entire decision process.

Financing. The all enveloping question ultimately concerns the financial responsibility of the project in mind. It implies that imponderables must be included. It would oversimplify matters to assume that an economical consideration of expected revenues within the expected time do or do not break even, would suffice. Margins for mentioned risks and uncertainties must be accounted for, as explained above. This can only be done by estimating. In view of the connected uncertainties these are established within boundaries considered reasonable. And therefore remain arbitrary. Consequently this is among management's responsibilities. Here it must be established what is and what is not acceptable. It is the specialists' domain to determine what the implications are. Which includes determining where any bottlenecks or break-even points, etc. to other systems will occur, as mentioned before.

If the outcome remains too turbid or uncertain, intermediate solutions may sometimes be preferable. This may for instance mean that only those investments are made which cannot be avoided in view of technical feasibility. With more manual work and less machine work than economically logical, developments are then awaited. Only when these turn out favourably, further steps are taken. Any losses incurred due to this cautious approach, management takes for granted.

With a last inspection of the feasibility of the proposal considered to be the best, the decision-making process is concluded. This entails a check -after all explanations requested, with or without additional information, adaptations and modifications- if the basic conditions are fulfilled. To each unit or department of the system to be formed the work typology will unconditionally apply according to the logo, as set forth before. -See figure 38, page 203- Where line departments make use of the same facilities, future points of attention for the administrative management are found. For example this may be clerical services or the after-sales service. Management must ensure that the interests of all departments are safeguarded in relation to the overall interest of the enterprise. What remains is to obtain a preliminary survey
40th Final Decision Making

Implementation

Proposition
Alternatives
Preferences

Risk Balance
Cultural Diffusion

Supportive, Consensus, Optimal Choice

Financing Balance

Layout/Timing
Go No Go
Budget
Prop.
of the money required per period for implementing the project. Prior to the building this must be further chartered to prevent difficulties. Thus a period of preparation is concluded. For a positive decision this means that the point of 'no return' is passed. The consequences are far-reaching. For, after this decision orders are given to suppliers for equipment with long delivery times. Once they have started claims for damages will be lodged in case the project is stopped. A way back is mostly extremely harmful. This far the decision-making process has limited itself to an independent enterprise. The extra attention and exertion required for fitting in the new within an extant enterprise will be obvious.

Below is investigated where decision-making in this connection may meet with new complications. -See figure 40B-

With regard to procedures, the decisions must be guided by the influence of the new project on the existing situation. When this concerns new product generations or models, especially the qualitatively operating departments will need adaptation. This concerns especially sales, production and possibly installation and service. For the supporting departments the work only changes in so far as other raw materials, semi-manufactures will be used. As regards procedures this will only entail indirect modifications. When more is involved, e.g. extension of the range, but still with synergetic effects with regard to sales and production, matters become more complicated. All elements of the work typology will then be subject to change. The issue is whether a fully operating company is able to cope with the extra new work or to completely change-over. Which should moreover be within the time needed to have the right effects, both internally and externally. -The fact that this entails more than mere computation, viz. the flexibility the company community is able to muster, will be further dealt with below.-

The most sweeping alternative is complete diversification. In case of new products for new markets, this will lead to setting up an entirely new independent enterprise. Such a case has been described before. However, there may be considerations not to proceed so far. A central position for purchasing, administration, service, maintenance, etc. may be more advantageous. Complications involved may then be
that the department in question must serve different 'masters'. Management will have to consider the implications and what will be justified. Besides this same management will have to guard the observance of the rules later on. The political implications which result are dealt with below.

As regards support, signals, either positive or negative, must come from the company. Plans should be clear enough to show what the implications are. Management must decide if support inside the company is sufficient.

In this context it must also be investigated if besides the preparedness and enthusiasm, adequate know-how and experience are available to actually achieve timely results. I.e., if the cultures present are compatible with the new one. -For it depends on the various units of the existing system to accomplish the necessary modifications. With or without the help of specialized staff departments.-

Of course the same holds for the external relations. Interests of third parties may occasion unexpected new complications. An example is the delivery of war equipment leading to political complications at international levels. Quite often this has led to drastic changes in government approval. Increasing demands with regard to waste burning, for instance, may lead to prohibition, where originally there were no objections, etc.

Should still insurmountable obstacles occur, other less obvious alternatives may be worthwhile of consideration. I.e., it may be considered to cooperate with a third party in a joint venture or to buy a competitor, etc. Whether a joining or merger should be considered in the latter case, brings the whole question back to above weighing of arguments. Several failures in this connection makes any management tread this path with caution.(172) However, finalizing the decision-making is only possible after the financial results are known.

With a view to the financing and revenues a final conclusion will be drawn. The originally planned system and its independent functioning has been reviewed from various angles for the feasibility of integration with the existing system. The coping-stone is the alternative which is the most advantageous. With due regard for all risks. When it finally is clear what the ultimate result will be, the final decision can be taken. It provides the conclusion that all factors considered, the risks involved warrant the new enterprise to be started or not.
In this decisive phase 2 matters are brought to the fore.

- In the first place it must be checked where uncertainties will occur. Especially risks run in the future are to be considered. These will especially emanate from the premises from which is departed. Not everything can of course be planned with certainty. And only if and when such points become critical, it must be considered if the risks can be accepted.

- In the second place it should be clear what are the vulnerable places in the future enterprise. Only then preventive action can be initiated to avoid the actual occurrence of disruptions.

Under these conditions management is in a position to give a well-considered final judgment for 'go no go'. It is based on what specialists, each from their own field, have contributed and coordinated by the (project) management. Thus the way is paved for the final decision to be taken at the highest level.

If the outcome is positive, a plan can be elaborated.
41 TRANSITION OF ENTREPRENEURIAL TO ADMINISTRATIVE MANAGEMENT

MARKET

THIRD PARTIES

ENTREPRENEURIAL MANAGEMENT

ADMINISTRATIVE MANAGEMENT

SOURCES
Changes in profile of management

**Distinction between entrepreneurial - administrative management**

So far nearly only the entrepreneurial side of management has been manifest. The 7 phases for setting up an enterprise bring this to the fore, as summarized below.

- During conceptualization, the first phase, the implications of an idea are investigated.
- A vision is formed in the second phase on basis of estimated market perspective and subsequent forecast of market position, resulting in criteria for the own 'performance'.
- Resultant prospects on basis of 'progression' in relation to 'power' and 'profit' follow in phase three.
- Locations where continuity in relation to concretizing and compared to other parties' accomplishments are optimal, come to the fore in fourth phase.
- Testing of prospects against locations found in the fifth phase, should indicate where conditions are most promising.
- Further pre-selection of the alternatives found in the sixth phase will take place through elaborating the plans based on procedures, cultural acceptance and practical feasibility.
- Finally decision-making takes place after all risks and factors, which cannot be foreseen in an entrepreneurial plan, have been weighed again. In the seventh phase the plan is either accepted or cancelled.

As explained an idea is first examined for its viability. -See figure 41- It implies that the external surroundings are studied with regard to the prospects for setting up an enterprise. I.e. the external opportunities determine the internal realization. The limitations involved have been explained before. -See pp. 186 etc.- Action should be within the physically possible, technically realizable and culturally acceptable. -It is pointed at Schiller's philosophy, in which 'Spieltrieb' as the highest human creative power is rooted within 'Sachtrieb' on the one hand and 'Formtrieb' on the other.-(173)- From the adhocratic development of ideas follows the bureaucratic deployment based on realistic phenomena. Finding -new- solutions consequently only takes place within the boundaries of laws and norms. Subsequently the given circumstances can be used as cleverly as possible.
42 Transition Area Between Entrepreneurial and Administrative Management
Transition to administrative management

This leads to the detailed working out with the execution as coping-stone. The aim is certainty. Drawing on experience it is the experts in physical, technical, economical and organizational fields, who realize the plan proposed. It means that it is started from what is known. Initiating experiments at this point of time e.g. to innovate on certain questions, means that the execution of the plan will have to wait. However attractive this may appear, especially to specialists, experience teaches that this usually requires more time than expected. So-called 'freezing' of plans in view of the available know-how, is to be preferred to experiments in this stage due to the cost involved. (174)

Further execution of the entire procedure is characterized by strict project planning. This will contain the following elements.

. Working out an overall plan with layout and time path, indicating when what activities should be started and terminated.
. Timing and budgeting, when what investments are to be expected.
. Project planning to follow and lead activities weekly and daily.
. Agreements with financial institutions to have available certain amounts on data planned.

During this stage of the procedure, the project management deals with coordination and steering of specialists in various fields, i.e. technicians, calculation experts, financial experts, etc. Of course they may also meet with unforeseen forms of execution. In such cases new decisions will be required. However, this is confined within the frame of the 'go no go' decision.

It is pointed at the change-over taking place within management at this point. -See figure 42- So far the preparations have been a matter of considering and weighing arguments. Since there is now a mature plan, it becomes essential to execute this, i.e. as strictly as possible according to the plan. The emphasis now 'changes' from entrepreneurial management to administrative management. Consultation results in application. The risks inherent in the plan are considered acceptable. Uncertainties are now considered as (apparent) certainties. Only thus is it possible to execute the plan. For problems occurring in various fields, the assistance of the appropriate specialists will be
called in. On basis of their knowledge and experience they will be able to offer solutions in their particular fields. Through synthesis this should lead to completion of the overall concept. This calls for teamwork within the coordinating role of the administrative side of the management, i.e. project management. Only if unexpected results develop, reconsideration of risks accepted at an earlier stage, might be required. The aspects involved will then again be of an entrepreneurial nature. When consequences become visible of previously acceptable risks, this may lead to changes in position and revision of decisions. It explains the need for so-called 'escape clauses'. When appropriate this will be exercised. Amongst other matters it is pointed at increased financial risks for money providers, political implications for parties involved or government, etc.

The assumption of certainty provides a base, as stated before, for specialists to offer solutions for their particular problems. Nevertheless, this may also prove to be a source of uncertainty with regard to the expectations of the people involved. This may be manifest with respect to the following situations.

. The starting point must be that none of the part-solutions offered can be fitted into the overall plan without more. It means that the result aimed for only is of sub-optimal significance. I.e. that is known what can be achieved at the most, if it could be completely used. Each adaptation to other part-solutions leads to a decrease of level, as such.

. Furthermore, even if an optimal adjustment of the part-solutions is achieved, revision may be required, should the outcome not be as expected.

Functionaries working on basis of fixed phenomena and laws will start to doubt matters presented, i.e. management. Management’s task is to face this and to act accordingly. By means of prior study of problems that may come up, a situation of consultation can be created. From this it should become clear what the attitude and approach of all people involved should be to avert actual conflicts. Thus flexibility is created, imperative to the adhocratic approach. The norm setting must be looked for instead of its being there. -Notwithstanding the fixed laws from physics, technology, economy, etc. with regard to the ‘Sachtrieb’ it is started from. -See p. 227- (175) To enable specialists to operate successfully in this field of tension, requires their imagination and foresight. Only then will they be open to management’s new considerations after consultation. Practice shows how much difficulty this usually costs. -It is pointed at the many
symposia, where various professionals, each from their own viewpoint, complain about the lack of understanding of others! (176)- What is missing is the broad overall view of affairs.

Yet the basis of the activities of those involved, are the same for everyone. After consideration each and everyone's part must be 'replaced'.
43 3-FOLD PROCEDURE IN
ADHOCRATIC CHANGES

DELIBERATION

TEAMWORK

ROUTINE WORK
A price has been paid for ever extended specialization. It has happened at the cost of the overall vision. I.e. deepening of insight has led to loss of oversight.

The procedure following from this view shows the undermentioned three-fold division. -See figure 43-

. Consultation/Deliberation. A picture is formed of the course of affairs. It should result in new initiatives for the enterprise.

. Teamwork. Specialists work out matters within their special discipline, resulting from the initiatives taken. It leads to plans, which are coordinated by management, until complete programs have been set up. On approval, after new consultations, execution can be started. In which each specialist, guided by the management, takes care of his own part.

. Routine operations. Control is maintained or established over the operations developed.

Then this procedure can be considered as ended. That is to say so long as interpretations with regard to the business philosophy, do not demand new ways for the policy. This leaves the performance unchanged.

Moreover, this approach shows the changeover of entrepreneurial management into administrative management. -See figure 41- As the development procedure progresses, plans will be executed increasingly to fixed rules, previously considered as to their feasibility.

Summarizing, a framework has been presented in which the various elements of the work typology or the logo applied emerge. Moreover, the connection on the dividing plane of the exertions at the entrepreneurial side as well as the administrative side of the management has been shown. -See figure 45-
INTEGRATION BETWEEN ENTREPRENEURIAL AND ADMINISTRATIVE MANAGEMENT
FRAMEWORK OF ELEMENTS

SURROUNDINGS

ENTREPRENEURAL MANAGEMENT

PHILOSOPHY

POLICY

PERFORMANCE

SPECIALISTS

ADMINISTRATIVE MANAGEMENT

ADHOCRATIC EFFORTS

BUREAUCRATIC EFFORTS
Concretizing

Execution

Once the decision for going ahead with the project has been taken, all facets of the plan are worked out in detail. This period, i.e. the 8th phase of development, consists of 2 sections.

First of all this concerns the detailed elaboration of all components of the project. It not only shows what people and means will be deployed, but moreover the respective numbers needed. This enables determining the dimensions of the workshops. In elaborating the plan it follows when a particular element comes up for consideration. Thus the timing is established.

Working out the plan in detail makes clear what is to be expected from third parties for effective operating in the future. Thus besides technical aspects, not only economical but also political and legal, etc. come to the fore.

The interests of all parties involved must be settled in contracts. In this connection it is pointed at municipal and higher authorities in view of employment and spreading of enterprises in view of risks due to depression, safety, pollution or concessions, etc.

Not before these matters have been considered can a final balance of cost and profit be completed.

In this manner all preparations for building have been made. Albeit with the restriction that this is only possible insofar as matters can be overseen. Aspects that cannot be institutionalized along formal lines require special attention via informal lines. This calls for management inspection during construction. Should then set-backs occur, timely action can be taken and set-backs avoided. (Of course the same holds for agreements and contracts.) It is for instance thought of licenses for war equipment. Political relations may often change so drastically that initial licenses can be withdrawn. And besides, once a completely clear vision is obtained of the implications for those involved, changes in thinking may occur. In such a case further negotiations will be necessary. It goes without saying that construction will then be delayed. In practice it will often be impossible to realize a 'seamless' fit of all parties involved. For that the number of interacting procedures is too high. Actually this means that in order to satisfactorily proceed risks have to be taken. To this effect the entry 'unforeseen' will be used.
46A. DETAILED BREAKDOWN OF THE PROJECT
As set forth here, the subsequent procedure shows a fundamental difference with the path followed hitherto. Whereas so far all attention has been given to the system to be developed itself, and possibly fitting it into an existing system, this is no longer so. For, it makes no sense to pay separate attention to the system to be formed, as that has been completely investigated. The goal at this stage is to actualize the system. Properly adapted to the given situation.

The divide, as indicated above, is now between preparation on paper and execution, after approval. Only if unsuspected complications occur, adaptation or revision of existing plans may be considered. In the latter instance, the aforementioned procedure will be followed again.

Under normal conditions building will succeed preparation without exceptional complications. Under supervision of the executive project management, the separate specialist groups play their part. As stated before, administrative management is preponderant from the managerial point of view. The major activity is the coordination of the activities per group in the sequence designated during preparations.

This is further mapped below. -See fig. 46A-.

At this stage the execution of the plan, as outlined, takes a central place. This means elaborate completion on paper, showing the exact picture. The following points will be dealt with, in mutual relation.

- Equipment required and the locations, including working space required for work and maneuvering.

In case of a process industry, tall buildings will be preferred, in view of the 'free fall' of the liquids from one operation to the other. It saves energy in pumping, time and therefore cost. The opposite is the case for a mechanical process, in which parts etc. can better be transported horizontally on roller belts to various machines.

- Tasks, to be executed by employees. This involves machine handling as well as preparatory work, for instance work preparation, quality inspection, planning in production, or market service by representatives, supported by office service, sales planning, after-sales care, etc. Through job descriptions recruitment is made possible.

- Detailed planning, enabled by the allocation of equipment and functionaries. Since the needs and choices
as regards equipment are known, the times of their respective installation can also be determined. On the one hand this is a matter of progress of the project, on the other hand it depends on the delivery time of a supplier. Should in the latter case the delivery time deviate too much from the demands of the project planning, ordering must either be done previously or take place elsewhere. Thus delays will be forestalled. Moreover it can now be determined when certain employees are required for assisting in the start up.

- Budgeting can now be done in detail. On basis of orders, agreements with contractors etc. and the recruitment of personnel, the budget can be detailed. Then it can be determined when monies must be released or what accounts must be settled, respectively.

Concluding agreements. When the plan is completed in all its details, insight is obtained in what can be expected from business relations. This is required for unimpeded and optimal operation. An aluminum melting plant, for instance, directly depends on the supply of electrical power. It makes up for approximately one third of the cost price. So the consequences of an agreement concluded in a previous phase, now come to the fore. This concerns not only the time delivery should start, but also the amounts in ascending quantities, etc.

For a retailer chain this may entail matters such as preparation of land for building, the construction of roads, parking space, etc. by the municipal authorities. Moreover it is pointed at the need of concessions and the like.

Assigning personnel, according to the needs as coming to the fore from the elaboration of the plan as well as the agreements concluded, must then be considered. For effectively assigning people, it should not only be clear what is demanded of them. That is restricted to job descriptions. Complementary to that is the control system to evaluate to what extent the demands are or can be met. 'Can be met', because a job description should be evaluated. It cannot be assumed without more that a job description, without testing against practice, can be correct in all details. They should be regularly checked and adjusted. To this may be added that during the start-up period, unforeseen matters will come up, such as 'teething problems'. The control system will serve as a point of
reference. According to the experience gained it can be improved. If this is generally accepted practice, is to be doubted. In any case it more often than not receives scant continuous attention, nor is it often acted upon.

On establishing a job description—and a profile—for a function, it is noted that this may also lead to recruitment from the own staff. In that case advantage can be taken from the knowledge and experience available.

Accordingly the elaborated plan lies on the table. Only with regard to unforeseen details further decisions will have to be taken.

As asserted at various places, the arguments to refrain from further action at this stage, must be very grave indeed. The likelihood can be neglected in view of the intensive preparations. Only when, for instance, haste in view of competitive action is demanded, a situation might arise which proves to be inopportune on further consideration. The expenses of the extensive detailed work that has been done, will have to be accepted as a loss. And so will claims for damages when suppliers already have received orders, which are cancelled.

By starting the execution of what has been put on paper, the second part of the 8th phase of the development project is concluded.

It amounts to the following. —See figure 16B—

As regards the concrete realization the following aspects come up for consideration.

- Placing orders and commissions according to planning and to agreed delivery times of suppliers.
- Executing the various assignments according to 'plan'. This implies the following and inspecting of the activities under way. It should show if contractors and others really proceed as planned. Moreover, it will then be possible to compensate for any disappointing, intermediate results in the execution. -Of course under conditions to be specified.-
- Making the appropriate agreed payments. Once an agreed part of the project has been completed and approved, payment is made.

If the construction is entirely subcontracted, e.g. in the form of a turn-key project, this is only a variation of the above course of affairs. Inspection by the principal takes then place afterwards.
46B PROJECT UNDER CONSTRUCTION

PLAN OF EXECUTION

CONSTRUCTION

AGREEMENTS
APPROVALS

JOBS
RECRUITING

INITIAL
CONSTRUCTION
CONTROL

LAYOUT/TIMING
GO NO GO
BUDGET
PROPOSAL
Agreements regarding financing etc. should proceed the orders to be placed. Intermediate payments must be arranged beforehand with both contractors and banks and other money providers, if any. Consequently payments at the agreed times will pose no problems.

Releasing money, especially when it is done from the own resources remains a matter of time. Until the moment that the construction has progressed so far that payments can be called, other debts can be paid. Since it remains a question if the planning made will accomplished, some uncertainty remains in this respect. Set-backs, i.e. due to the weather, delays due to illness etc. may demand readjustment of the plannings. It is management's task to deal with this appropriately.

Enlistment of personnel is a direct consequence of the moment functionaries are required in connection with the progress of the construction. For instance, maintenance staff can be useful when equipment arrives that needs to be installed and connected to gas, water and power supplies. Or even earlier, if they must provide for the installation of the piping and cabling. For the management similar arguments can be found to become conversant with the equipment installed, etc.

It goes without saying that not everybody can be engaged immediately. When it concerns special products and unknown processes, this mostly requires a training period. In case of parent companies, as in the case of a joint venture, previous training periods will have been provided. If this is not the case, experience must be gained on the spot or with the supplier of the equipment, etc. The inspection system set up, as discussed above, should offer guarantees both to the company and those involved that experience can be gained satisfactorily. It must be avoided, however well the preparations, that a system once set up, holds imperfections. If not remedied these will remain a cause of trouble. This is another task of the management.

Thus the period of setting up the organization is terminated. However, this in no way means that the company is operational. In most cases teething troubles will occur which must be remedied before there is a basis for optimal operation. This is dealt with in the subsequent chapter.
Implementation

Even though all preparations to ensure success for the construction have been executed as well as possible, still the end-result cannot be expected to fulfill expectations in all respects. This could only be so if all assumptions in the development trajectory had not only been correct, but had remained so in spite of the passing of time. Apart from estimates on basis of inadequate information, the collected data come from such varied sources that coordination creates many complications. Assessing the relative weight of the diverse aspects remains a matter of continuous attention. Even more so, now that the implications of the project started up become clear. Timely removing shortcomings that come to light at this stage, will prevent their festering later on with all consequent cost. Where operations are intensified these cost may even explode. Care and attention in this respect may besides prevent irritation and loss of prestige, which may be even more costly.

Again and again investigations, often carried out years later, raise the question if sufficient attention had been paid to teething problems when implementing new products, processes, etc. In view of the increasing number of investigations to this effect and the attention it receives from business, the time seems to be ripe for it. The conviction is growing that sizeable savings are possible by intensively preparing operations. -Not only with regard to entirely new projects but for similar reasons for innovation, improvements and the like.-

What this entails is explained below. It is the logical conclusion and 9th phase in the trajectory of development of an enterprise. The following dilemma presents itself. On establishing shortcomings it is often unclear whether these are the result of lack of experience or the consequence of failures in the system. This will especially be the case when new equipment has been installed. Time is needed to become conversant with them. Uncertainty arises when it is unclear whether the causes of unsatisfactory results must be searched in the equipment or personal shortcomings, or in a combination of the two. Furthermore if this concerns line-equipment, common in process industries, where the work is apportioned over several departments - and shifts! -, matters will not be simplified for the individual employee.
FINAL CHECK

INITIAL CONSTRUCTION

EXPERIENCES

PROBLEM SOLVING

CONTROL
It cannot be discerned what the reverberations will be if somewhere in the product path changes for improvement were introduced. Only management which has an overview can do so. Provided that failures on the work-floor are really observed and heard. That this is often not the case needs hardly any comment, as shown by the aforementioned company study. Listening to each other and understanding are matters which are notably amiss. (178) And even more so as the organization increases in size, i.e. comprises more people. -See p. 197, figs. 34A, 34B and p. 129, fig. 53-

It is for instance pointed at the effectiveness of an army during a battle. The basis for confidence is the experience, together with the availability of state of the art equipment. However, effective action will only be possible if the various sections in their stations, trust the ability of the commanding officers. This, however, is only possible if these have a complete overview of the operations under way. (179) Although it is not entirely the same, the example goes a far way to describe a starting enterprise that has to conquer its starting-up problems.

It is against this background that in line with the before used threefold division, attention is paid to the starting up of a new business or project. -See figure 47A-

The implemented system should now be checked both as regards the quality demanded for the product and the expected quality and efficiency of the procedures applied. By means of running a number of pilot series, failures will come up. The insight thus obtained will enable, with some reservations, finding the causes. In view of the dilemma mentioned above, it is too premature to carry through a thorough analysis. The relation with regard to other angles of the matter is still missing. It will only be signalled. Its usefulness lies in the fact if the interests of the new enterprise are either directly or indirectly served. This leads to the following point.

Problem-solving only should be considered if it serves the goals of the enterprise at this stage. Should the above study show that on second thoughts a street on the premises is too narrow in view of maneuvering trucks, this need not be changed immediately. The cost for some extra maneuvering are then accepted instead of more drastic measures. This may only be reconsidered if owing to growth of the enterprise regrouping of operations and reallocation of buildings takes place.
In this respect various issues can be imagined. Only when considerable damage to the new business will result, should no action be taken, full attention is warranted. The manner of approach is explained under the next point.

Available knowledge and expertise will be needed before determining the actual causes of the problems signalled. Unacquaintedness or inexperience with new equipment may also be the reason of disappointing results. Bringing to mind the comparison of new car-drivers and experienced chauffeurs, will clarify the point. The beginning driver hardly reacts to reflexes. He still misses the feeling for the car he is driving: every action requires attention. It is still not so that deviating circumstances are considered selectively, albeit unconsciously.(180) Such a phenomenon does not stand on itself. It can be observed whenever work is done in a strange environment. The ability to distinguish deviating circumstances from routine matters must be developed. Once it exists action will only be taken when the normal course of affairs is interrupted. Not the routine but the particular gets attention. Thus action becomes possible to prevent defective operation. It is management's task to determine if a person is suitable for a particular job, or that he might possibly be employed elsewhere in a more fitting job.(181) On the other hand, it will take years before optimal achievement can be expected. Mastership requires time for maturing.

The problem is therefore not so much determining what is wrong with the system. Considerably more difficult will be to discover where the causes are to be found. Moreover, the great demand is here for leadership to determine if it is in the interest of the enterprise to act or to wait with the understanding that it concerns issues, which will disappear as experience increases. Whatever the case, action can only be taken once a complete picture has been obtained as to how matters stand. This follows below. -See figure 17B-
GETTING ON STREAM

INITIAL CONSTRUCTION CONTROL

EXPERIENCES

EXPERIENCE CAPFILLING

PROBLEM-SOLVING DECISIONS

EXPERIMENTS RESTRICTIONS

ON FULL REALIZATION STREAM
Restrictions can now be introduced into system, once the causes of the shortcomings have been determined beyond doubt. Deeper analysis than the foregoing, must give certainty in this respect. If, for instance, stamped metal products do not comply with dimensional requirements, and should this appear not to be the consequence of faulty machine settings, the tools will be taken from the machine and modified. Should this have special consequences as regards price increases, this may lead to a fundamentally different decision. The final word lies with the management. This brings us to the next point.

Decision-making on basis of the interests of the enterprise leaves open alternatives. The question will not so much be to continue on the road taken, when a better alternative is found. It goes with saying that such an alternative must fit in with the conditions; reversing operations and changing established ways may as a rule be more time-consuming and expensive than making the best of things.

It is now a matter of time. Investments made and personnel hired must show a return. Any delay occurring makes matters extra costly. Not only in view of money, but also commercially damage may be incurred, if expectations created with customers are not fulfilled. Their attention is drawn to the fact that apparently the supplier faces 'large' problems and uncertainties, which in turn may adversely affect their interests.

The conclusion must therefore be that calling in outside assistance may often prove cheaper than having the available staff solving unforeseen problems. The availability of extra expertise and specially capacity, will turn the scale. It is pointed at the consequences of employing outsiders and the time required to break them in. In case of exceptional matters, for which little expertise is available, this will hardly matter. The point is to estimate assets in relation to liabilities.

If all obstacles have finally been removed, the new enterprise has come to the end of the cycle of development. Now it is the time to 'get on stream'. However, weak points in the system still call for attention. It always shows that not all difficulties can be eliminated beforehand. The same holds with regard to newly acquired know-how and insight. As further experience is gained, adjustment will be required. This requires extra attentiveness of management, which has an overview of all operations.
Especially in the beginning. Experience shows, however, that as expertise is gained in the tasks, problems are solved more easily. At the start the commitment of all employees will be highest owing to the difficulties encountered and the required cooperation. This provides a basis which later, when things are on full stream, can be fallen back on. –Somehow comparable is the mutual understanding between an individual promoted and his successor, when the latter is confronted with recognizable problems. – It is the common threat that promotes the creation of personal bonds. Under all comparable situations there is a tendency to confront dangers together. As can for instance be seen in war-time, when people cooperate who would hardly do so under different circumstances. This phenomenon can also be observed when business circumstances are changing.
48 COMPANY ON FULL STREAM

PERSPECTIVES

ESTABLISHED SYSTEM

POSITION

COOPERATION

KEY FACTORS

VISION

LIMITATIONS

DELIVERIES

EFFECTIVITY

EFFICIENCY

ON FULL REALIZATION STREAM

CRITERIA

ACCOUNTANCE
Further course of business

On full stream

After all precautions have been taken and all last-minute obstacles removed, operations can be started. As experience is gained, the results will improve, as noticed before.

Now the goals conceived on setting up the plans, must be realized. In all respects the realization is the coping stone of the development cycle gone through. By being the answer to the initially formed vision, the cycle is closed. -See figure 26 and also figure 48.- As usual it is referred to the threefold division in problem-setting.

1. From the demand perspective of the market, the prospects have been established in a business philosophy. To this effect a formal system has been designed enabling the transformation of orders into deliveries.

2. However, in view of the diverse interests of different parties at the supply side, the threats and opportunities of the own position are weighed. Thus the 'space' allowed by the business philosophy is restricted. The resulting business policy must explain why certain strategic goals should or should not be pursued. This will be the fundament, both externally and internally for effective cooperation.

3. The consequences for the performance follow from the criteria emerging from the above. In view of what is potentially available, the strengths and weaknesses of the own camp can be determined. Acquaintance again leads to restrictions as to what is feasible regarding efficiency. No system can be completely formally fixed. It should allow for play-room to respond to unforeseen situations. The capabilities of management as well as people on the floor, determine the level of operating.(183)

All these considerations have led to a vision. It provides the basis for the entire subsequent development in thinking and the eventual realization. The difficulty, however, is that this vision will change as circumstances continually change. This cannot be said of the system introduced, in so far as it is formal and consequently rigid. There will always be a backlog, which evidently has consequences. In view of their abilities only employees are able to adjust affairs in an informal manner. On basis of the adjusted criteria the issue is to keep the system as well as possible on course. Of course the intention is not to react to each and every occasion. The previous considerations
49 COMPANY IN ALTERATION

OWN AREA

- PERSPECTIVES
- ESTABLISHED SYSTEM

TOTAL AREA

- MARKET

OTHERS

- POSITION
- COOPERATION

- CRITERIA
- ADVANTAGE

- MERITS

ON FULL REALIZATION STREAM
will have shown that changes in an existing system are so far-reaching and besides involve so much uncertainty that the resulting cost do not outweigh the advantages. Only when fundamental changes are forthcoming, in the market or in the market organization, for instance, with respect to competitors, public authorities issuing new regulations, etc., or when new views have occurred inside the company, it may be essential for the enterprise to change course.

The above may show that vision-forming demands constant attention, especially of management, on every level. Only then contact will be maintained with what is happening both outside and inside the enterprise. As a "cell in the organized complexity", it acquires its right of existence to a compliance with the expectations of the market. At the same time it must guard its position with respect to both interests of third parties and the situation inside.

To accomplish this, maintaining a picture of its own field of activities will hardly suffice. Anything outside that scope will have to be included in the considerations. Outside the direct field developments may occur which ultimately endanger the own position and situation. It is pointed at new products such as microprocessors, which too late were recognized as a threat by enterprises, which before had been market leaders in their field. Or the influence of Japan and its industries in the various world markets. -See figure 49- The 'shifts' occurring in the field of business of a particular company may be 'signs on the wall' for things to happen in its own field. Only if it is clear to what degree outside influences may affect one's own position, adjustments in course can be considered. It implies timely noticing why certain measures should or should not be introduced. Naturally this does not only mean a particular defensive approach. Events in other fields may often offer positive elements to one's own benefit. It is pointed at joint ventures, spin-offs, piggy back riding, and the like.

What matters is to ensure that wherever possible decision-making is effective and directed towards the future. With due account of the ever-present risks, as not all is recognized. The estimates and guesses made will therefore demand constant scrutiny. As more becomes known, further detailing of the course to be gone can be made. It means regular consultation and joint investigation into the consequences for the company. -See figure 43, and page 233-
504 BALANCE OF POLICY AND PERFORMANCE

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<tr>
<th>PERFORMANCE</th>
<th>OPPORTUNITIES</th>
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POLICY
Breakthrough

It will therefore not be so, as established before, that once the company has been started, a period of rest must arise. The attention initially required for the undisturbed process of all operations, will diminish. Logically speaking inexperience resulting in uncertainty will continue longest where departments transfer work to each other. This is a consequence of the differences in conception of task according to the explained work typology. The resulting conflict situations demand vigilance of the management to preclude escalation into actual conflicts. -See p.197 and figure 33- This will be dealt with in a following chapter.

What matters here can be traced back to the following.

. Changes occurred outside the company during the development, execution and implementation of the plans. An aspect which specifically touches upon the entrepreneurial side of the management.

. Execution as such, established from a definite moment according to the present knowledge and experience to avoid costly loss of time afterwards. The so-called 'freezing'. This need later not concur with all expectations. Therefore it is a matter of the 'administrative management'.

No particular execution can therefore definitely be considered optimal in the light of the actual conditions. During development and alterations, aspects may become obsolete.

What matters is nothing more than to timely find the right way, in view of the developments under way, to make corrections. Both politically and in performance.

Drawing on the aforesaid this amounts to the following. -See figure 50A-

In view of the happenings outside the enterprise, these being autonomous to a high degree, it will have to continually adapt. To this effect first stock must be taken of the own position in the market against third parties. Subsequently the implications must be considered. In other words the opportunities must be assessed from a political viewpoint in relation to the strengths in the own performance. Once known this also shows what weaknesses in the own system -with regard to third parties- must be considered. By regular stock-taking the enterprise's position will become clear.
50th BREAKTHROUGH

PERFORMANCE

STRENGTHS

OPPORTUNITIES

POLICY

THREATS

DUE TO

WEAKNESSES

PHILOSOPHY
The point is to gain the best advantage. Starting from opportunities and strengths, the aim will be to minimize threats and weaknesses to the most possible and wisest degree. Simply put, to 'defeat' the cons with the pros.

This will prove the least complicated through areas where opportunities or strengths are found. The breakthrough into a field new in all respects is by its very nature much more dangerous and mostly more costly. -See fig. 50B-

Illustrative for a weak but promising start would be the enterprise discovering 'a hole in its own market', where no service or product is offered. When it applies itself to this effect, it accepts the cost involved in research, execution and distribution and the risks involved. But it will be the first to embark in this field and thus build a lead. An entirely different situation occurs when a company with a balanced product ventures into an unknown environment with strong competition. The breakthrough must strengthen the own power position. For example by cooperating with a favourably known company. This could be realized through a joint venture or take-over.

The key factors enable one to determine which way different types of company will take. A company supplying original products -and services- to specific demands of customers will preferably act as follows. To translate requests into specified, realizable products, intensive contact with the principal is necessary. For he will have ideas on how to solve his problems, but usually lacks the insight, knowledge and experience as to the possibilities to come up with a satisfactory answer. That is the supplier's particular forte. This is the crux of the issue. The supplier will have to ascertain in what way the customer can effectively be helped. Whereas he, of course, does not know the customer's company extensively. The critical activity of the supplier therefore lies in the ability of its staff to provide this know-how. The success of the company depends on it. All other criteria are subordinate to it. Also the organization and equipment. What is required is the flexibility to execute any product accepted. Such a type of company will therefore be relatively small in size. On basis of the market philosophy and the consequent policy and performance a breakthrough is to be expected by strengthening the expertise to make use of opportunities, rather than eliminate the own weakness by means of concentration of power.
However, could such a company start serial production of a product once produced before, the situation is entirely different. Due to the repetition the expertise of the staff with regard to developing continually new products, is pushed back towards research. For the implementation the emphasis is on an efficiently operating organization and the equipment. The adhocratic character of the company has given way to a more bureaucratic set-up.

In view of the market philosophy to sometimes offer products as cheaply as possible, this means a growth towards an optimal scale. Breakthroughs will then usually take place through concentrations of power. This implies the buying of smaller competitors, followed by arrangements between the large remaining concerns in cartels.

Thus it has been expressed how the market behaviour of customers determines the ultimate size of an enterprise. The nature of the ensuing enterprise indicates the obvious way to growth and breakthrough.

Although this is predominantly a management problem, in the first case the influence of specialisms is felt.

In the second case its significance is more indirect. Through concentration of companies knowledge and experience is acquired. For large enterprises this may lead, as is known, to buying up and for the smaller enterprise to expand.(186) Initiative, originality and flexibility give the smaller company a lead when it comes to quick action, also with regard to new inventions, in comparison to the large, more bureaucratic enterprise. However, the latter may gain the winning hand when it comes to capacity, also financially, to fully develop those inventions.(187)
51 SURVEY OF THE WHOLE DEVELOPMENT PROCEDURE

IDEA ASSIMILATION ➔ CONCEPTION BY ESTABLISHING A VISION

ENTREPRENEURIAL MANAGEMENT SIDE

PERSPECTIVES ➔ POSITION ➔ CRITERIA ➔ VISION

ON FULL STREAM

ADMINISTRATIVE MANAGEMENT SIDE

REALIZATION ➔ COOPERATION ➔ ACQUIRE ➔ OPERATIONS

PERSPECTIVES ➔ VISION ➔ PROSPECTS ➔ CONSIDERATIONS FOR IMPLEMENTATION ➔ ALTERNATIVES ➔ FINAL DECISION MAKING

GETTING ON STREAM ➔ CONSTRUCTION ➔ PROJECT UNDER CONSTRUCTION ➔ CAN NO GO

PHILOSOPHIC LINE ➔ POLICY LINE ➔ PERFORMANCE LINE.
Survey of the procedure

Road followed

In order to maintain an overview, below the manner in which the successive phases of the development process interconnect has been explained. -See figure 51- The manner is similar to the one followed throughout namely the 3-P-Pattern: philosophy-policy-performance. Moreover management's particular position in it is shown. -See also figure 12, pp 57, 58 etc.- (188)

1. Starting point is creating a concept on basis of the ideas found. -phase 1-

   Forming a vision, based on what the key factors show as falling within the possibilities, is the next step to be taken. -phase 2-

2. The prospects possible on basis of the objectives: progress-power-profit, must then be considered. These must be seen against the conditions valid in the various locations considered suitable. -phases 3, 4 and 5-

3. The alternatives for implementation follow from this. -phase 6-

   Decision-making, based on the proposition(s) presented must now result in the 'go no go' decision of the management. When this actually results in the execution of the plan, this will also lead to the decision as to which alternative is preferred. -phase 7-

The preparatory activities of a predominantly entrepreneurial nature are then concluded, as explained before. Then the plans are executed according to fixed frameworks and rules. First on paper and subsequently in reality. The nature of managing now inclines to what has been called administrative management.

4. Construction and concretizing are now in place. -phase 8-

   Removal of imperfections can hardly be avoided. Once the business exists, it shows that not all is to expectations. As explained, this is partly a consequence of risks accepted, partly of matters which have been misjudged before. Moreover, not all know-how and experience will be available immediately. -phase 9-

Once all start-up problems have been solved, it can be decided to 'get on full stream'. At that point the circle, started by forming a vision on a concept following from an idea, closes.
Consistent with the 3-P-Pattern adapted, the three connections to be made follow below.

1. On basis of the perspectives found with regard to the market, an apparatus has been designed that is fitting to the needs.

2. Based on the interests of third parties in the market, the own position is determined. Due attention has been paid to the benefits of possible cooperation in view of congruous interests and boundaries in view of contradictory interests which cannot be bridged.

3. On basis of the knowledge of the criteria tantamount for execution, implementation will be restricted to what is feasible with regard to the own performance.

Of course the above may not lead to the conclusion that by closing the circle, an end point has been reached. As stated before, new breakthroughs are required in order not to lag behind.

Naturally this is the management’s responsibility.

This is further elaborated below.
52. DIVERGENT THINKING FOLLOWED BY CONVERGENT THINKING

DEMAND SIDE

ATTENTION POINT

BUILD UP PROCEDURE

DATA

CONVERGENCE IN FIXATIONS/EXECUTIONS

PHILOSOPHY

INTERESTS

POLICY

SOURCES

PERFORMANCE

OFFERSIDE
Profile of management

The foregoing again has shown the essence of management. The resulting profile has emerged in parts before. Here it is investigated how these parts in main lines combine and interconnect.

Point of departure is entrepreneurship where, as is known, ideas in and around the company, may cause initiatives to be studied on their merits for the company. -See figure 52- The procedure set going starts with the search for starting-points. This calls for imagination. In looking for and uncovering data necessary for properly forming a vision, creativity is a prerequisite. The development in thinking therefore is of a divergent nature. -See page 85- In order to see the possible connection between various points, facts and figures must be structured. This is mainly a process of analysis of a convergent nature.

The resulting business philosophy reveals how a possible market in view of the ideas expressed should be regarded.

In order to set out a policy, the next step must be to find high-quality information, again in a divergent manner. It concerns the interests of third parties involved. Why a particular course is to be preferred follows from the analysis, in a convergent manner.

The effects with regard to the position or performance should be disclosed by the resources available. This creative job is a divergent process. To obtain clearness analysis is needed. Which is again done in a convergent manner.

In order to achieve a balanced picture, the three mentioned units must then be aligned to one vision.

As stated before, this engages a procedure which, provided all intermediate phases show a positive result, results in a running operation.

In view of the regular turnarounds in thinking, this will represent the core of successful leadership. Determining the time when collecting data should be stopped and the changeover made to processing it to effective information, is at the discretion of the management. Not all will then be known, as stated before. This would take too much time. Moreover it will hardly be possible to obtain all information of opposing parties. Specialists should indicate this with regard to their respective
fields. This must include an estimate of risks involved as well as where these are to be expected. Thus extra vigilance can be guaranteed. Management availing of such an overview should be deemed capable of judgment.

Furthermore the management must have an open eye for the conflict situations which different specialists find themselves in with respect to each other. The work typology given serves this purpose. -See pp. 193 etc.- It implies that advice given need not correlate. Therefore it is management's task to coordinate the experts from the overview it has. Through synthesis actual escalation of conflicts is avoided. First of all this will pertain to advice differing in the qualitative respect. Whereupon it will be the quantitative advice regarding the periods of time, as advised by the specialists. As stated before, this is a result of the difference in position of various specialists, in view of their discipline as well as their respective position in the system. -See p. 197-

Moreover, an extra complication is lack of expertise in numerous areas, which is a consequence of mono-disciplines which do not necessarily combine. This also implies taking risks in order to proceed. Steps will be made without any formal scientific foundation.

In the foregoing at various places attention is paid to instruments available for the management to make connections. The following points are expressly pointed at.

. Key factors revealing form and scope of the regimes to be developed beforehand. -See pp. 144 etc.-
. The four main elements, which in a fixed sequence are valid for any organizational system. -See p. 190-
. The three-fold procedure for the line of thinking and acting involved in innovation. -See p. 231-

For disciplined management these points must at least be taken due care of.

The development process explained, extensively explains the manner in which entrepreneurship changes over into coordinating leadership. This is briefly explained in a survey. -See page 260-
The entire consideration is based on both the trinity of market, enterprise and resources and on the 3-P-Pattern of philosophy-policy-performance. -See page 45- A circle of nine phases then closes. The original intentions are now realized.

In view of the dynamic nature of market and business, management will ever again face the dilemma of either striking out upon a new road or leave things as they are, i.e. expand or consolidate. -See page 37- Since an organization, large or small, cannot be seen but as a 'cell' in society, it cannot but confirm to the movements of this society. At least, as long as there can be spoken of an 'organized complexity'. -See page 16- Here lies a task of the management: from the overview it should have it must heed this.

Consequently continuously new breakthroughs are required in view of changing market demands for the enterprise to maintain its right of existence. It signifies that the development cycle as set forth is again completed, within the boundaries as set by society. The decisions in this connection lie with the management. It is the reply to the management dilemma. The issue is to realize a synthesis between the enterprise's offer and the market's acceptance.

The above-mentioned once more shows the complex of factors management faces. The incompleteness of the available information, the shortcomings of the advice and the lack of fitting instruments make the chance to continually make the right decisions illusory. Added to this is the large number of decisions to be taken. When viewed like this an enterprise can only be excellent when these shortcomings are reasonably provided for. The present state of affairs is, as explained, far removed from this.(189)

As long as this situation continues, the circumstances confronting an enterprise will provide surprises, which could at least have been partly foreseen, provided the proper instruments had been available. In that case it might have led to more effective (re)actions.
Due to the absence of 'tools of doing the business' it needs be but the contemporary system of the enterprise becomes determinative for 'what can be adjusted' in the enterprise's policy. The affairs will run their course. This indicates 'sorcerer's apprentice effects'. -See page 8-

These problems find their source, as explained, in the absence of a common business philosophy. The absence of such a platform deprives the participants in the entrepreneurial process of the possibility to refer to this with respect to their contributions. There is no collective principle 'visible' which binds and engages all. For the employees this implies the absence of a guiding principle, which as a basis of the business proposition, should be similar for all. -See page 67- Neither emotionally, nor rationally elementary human needs are satisfied. It concerns the human dignity as well as the 'authority' of the expert, which suffer. The impossibility to determine one's own place in a community leads to uncertainty. It discourages initiative. It rather leads to analysis of how to safeguard one's own position. Creating an open working atmosphere, on the other hand, provides a further profile of the management. Then a culture is created stimulating creativity and initiative.(190)

Summarizing, the foregoing once more describes the frames of reference as valid for management. Moreover, attention has been paid to the profile of management within these frames. The basis has been the line of thinking from which it all originated.

From this has followed the inventory of the shortage of means, management should avail of for effective operation. The causes as well as their origin are pointed out.

The present considerations can explain why various companies have turned back from extensive strategic planning staffs and the like, and even have decreased them when these were big.

. First of all too much has to be done to really be able to contribute effectively. Too many 'tools' are missing.
.
. In the second place, staff employees must consult each other to come to rounded off proposals. If too many people
are involved, this will detract their attention from the primary tasks.

When all is considered the useful effect of such concerted action is too slight. The chances of success of a smaller, more flexible group are much higher than those of a slowly operating large group. Under present circumstances it is much more effective to have a limited management team call in the help of particular specialists who are the best authorities to solve the specific problems as occurring at a particular time. —See page 233—
53. COOPERATION LACKS
Comparisons and conclusions

Adjusting views

From the above-mentioned points emerge which through adjustment can create the right picture. It concerns meanings given to certain concepts, which do not entirely comply with reality. As such, they may be misleading.

In the first place there is the concept 'organization'.

Literature and practice give the interpretation of a structured group of people with a specific goal. It does only partly justice to the backgrounds on which such a concept is based. In this treatise, however, this has been repeatedly pointed out. As this played a role, the concept: system has been used. And can be defined as 'whole of related matters'.

Secondly, it is pointed at organization structures, showing 'parallel' columns of departments. Such a layout suggests effective, harmonious cooperation. Reality shows this to be quite different. There are two main reasons.

- To the degree that the graduate level of the employees is lower, less attention is paid in education to the total structure on which an enterprise is based. —See figure 53— On employment this will neither be dealt with. The implication is that the lower the level a person operates in the organization, the less able he is to attune to colleagues in departments he receives work from or to whom he passes on work. In view of the diverging tasks and consequent responsibilities, this causes misinterpretation and misunderstanding.

Conflict situations are thus liable to escalate.

- Only at the top of enterprises all activities are coordinated. It is known that the 'radiation' from that top is felt only to a certain extent. Further down the directives have become so watered down or misinterpreted, that their effect is minimal. —Again see figure 53— This well-known problem has been approached in various ways in theory and practice. However, the basic cause has never been removed.

Both arguments show that as shopfloor level is approached,
54 Major Lines of Understanding to Management/V.V.

Customers

Supervisors

Partners/Associates

Executive Officer(s)

Subordinates

Freelance Workers

Suppliers
the 'distance' between different departments with respect to cooperation becomes rather more difficult than easier. This explains why students investigating the trajectory of an order, can be so successful. Everyone in a company belongs to a 'column'. Thus the overview of the complete state of affairs is missing. The same holds for top management, albeit because communication from 'top to bottom' and the other way round, becomes watered down. Only the independent outsiders are often able to find the connections and point out where shortcomings and consequent delays, causing needless extra cost, arise and may proliferate. 'The products are delivered, but do not ask how'...

In the third place it may be pointed at the oversimplified representation of the hierarchy of an enterprise. Organization charts usually only indicate vertical connections, not only at the highest level, but on any lower echelon. This is contrary to reality, or should be so. - See figure 54-(191)

- On the one hand a manager has to deal with colleagues on the same level. They are responsible for an adjoining department. As such they are 'associates'. Their cooperation depends on corporate sense and good-fellowship.

- On the other hand every department has problems demanding a solution, but which are not dealt with. On further study this usually concerns subjects for which no expertise is available. Moreover, often these are issues that occur only once. It makes no sense to employ people for them. They should be dealt with by advisors.

The traditional organizational system should in this respect also be extended with partners at one side and freelance workers or advisors at the other side.

Areas undeveloped so far can be pinpointed by means of the basic pattern of the work typology. - See figure 55 - Below they have been mapped.

- Only since the fifties sales has received more attention from science. This was the result of the increasing competition in various fields in consumer
55 UNDERDEVELOPED AREAS

UNDERDEVELOPED STAFFS
?

IN VERY BEGINNING

INDICATIVE

NO EFFORT AT ALL
goods. The realization has grown to achieve a more effective market entry via a more careful approach of the market. The question how a market should be regarded meanwhile has received much attention. Through a scientific approach progress has been made in market research. The next stage of marketing research relating to sales as such, however, has hardly been worked out.(192)

There are still no worked out frames of reference to indicate what roads can best be followed. Consequently it is impossible to analyze by means of comparison, which manner could be more effective. The data available give only rough indications.

Thus it becomes clear where less or 'under'-developed areas are to be found and what is to be expected in the future.

As regards purchasing there is a similar situation, albeit with an even larger disadvantage than sales. Only during the last decades steps have been taken to gain better control of the purchasing market than hitherto the case. It is pointed at the increasing importance, especially in view of the fact that more and more is sold through and not produced. Various developments have been started, i.a. 'just in time', vendor rating, and the like. However, to 'open up' this field even more will have to be done than in the case of sales.

Technical research as steering mechanism for production has been giving problems for a long time, which so far have not been entirely satisfactorily solved. Publications in any particular field are so numerous and often so inaccessible that according to estimates the reading, let alone the application, remains below 1%. Although this fact is hard to prove, everyone knows from experience how difficult it is to keep informed of what has been published. This problem has been confronted in different manners. For instance abstracts for those interested made by libraries. However, even though there are reactions, still the
copies of requested articles remain unread due to lack of time.

The observed omissions in support from staff departments thus weaken the effectiveness of the managing. The result is that managing an enterprise is subject to higher risks. With these observations, which can be deduced from the basic pattern following from the work typology, it has been attempted to sharpen and clarify the picture created. It is not only indicated in what respect the control of the business is weakened. It is also explained that causes can be found in the present, one-sided, scientific approach of issues. It calls forth a field of tension with business administration in all its many-sidedness.

Especially with regard to the last point the viewpoints of various authors are considered below.
Other viewpoints

In the seventies and eighties a number of models were published, inviting comparison with the subject presented in these pages. The intention is to create clarity in how other viewpoints relate to the views presented in this book.

It is noted that that only marginal references are made. An exhaustive treatment does not fit in with the line of this book, which particularly aims at creating frameworks with regard to business situations.

Subsequently the following subjects have been dealt with.

- Black box. In several articles organizational issues are treated as independent subjects. The concept of the 'black box' originating analogous to electronic equipment, is used to study the behavior of the system as such. I.e. the relation between the system's possibilities on the one hand, and the political course on the other hand, remains an unanswered question. Furthermore, it is noted that this matter is not placed in an overall frame of reference. It is pointed at an organization as a 'tool of doing the business'. The question if the present road should be continued or entirely new roads should be chosen, is not considered. However, it is exactly this question that should form the basis for deciding whether the present organization should either be adopted more or less or even completely abandoned and replaced by a new one. In other words employing the 'black box' concept requires preparation to prevent too narrow a picture, matters being misinterpreted and incorrect decisions being taken.(193) For, first and foremost is the matter of determining the common basis, i.e. business philosophy. This point is already violated. The consequent policy does not emerge very clearly. The ultimate design i.e. performance is without any basis.

- SHOT-analysis. This concerns the study of companies on basis of Strengths and Weaknesses, which are related to Opportunities and Threats. If this form of analysis is compared with the so-called 'vision diagram', the following remarks can be made. -See figure 26-
In the diagram strengths and weaknesses are opposed to strengths and weaknesses. Up to this point there is hardly any reason for criticism. However, putting this first may be misleading. The 'tool of doing the business' is a consequence and not a cause, as stated before. It is the result of synthesis, which starts by answering the question, why a certain road, politically seen, is to be preferred. And subsequently, it is investigated what is feasible for realization. This calls forth questions with regard to SWOT.

Opportunities and threats are notions applied to both demand and supply side. Therefore no distinction is made between clients of a pronounced autonomous nature on the one hand, and parties that are focussed on these clients on the other hand. By not clearly separating and structuring this matter, relations remain unclear. In other words, it will be difficult to determine the position in the market by means of SWOT, so long as the market itself has not been mapped first.

The SWOT-analysis therefore does not furnish an explanation on developing an enterprise. An extant enterprise is its starting point and only thereafter the external conditions are surveyed. Notwithstanding the fact that any enterprise is part of a larger whole. As 'cell' of a societal system in flux and transformation, it must react in order to survive.

'Logo' of Mintzberg. In his book 'The Structuring of Organizations', Mintzberg shows a basic pattern comprising five main elements to wit: Strategic apex, general management; Line management, divisional heads, leaders of functional departments such as sales, production, etc.; Operational core, for the direct management, such as manufacturing, etc.; Technostructure, executives supporting the operational core, e.g. planning, budgetting, training, etc.; Supportive staff for accounting, etc.(195) On the face of it the before-mentioned basic pattern shows some similarity to the so-called 'logo' of Henry Mintzberg. -See page 203- However, comparison brings the following differences to the fore.
- Mintzberg does not make the dichotomy in management explicit in the company top. He regards coordinating management as subordinate to the management, which forms the 'strategic apex'. Consequently the management dilemma regarding expansion or consolidation in view of the needs of the market at a given time, is lost sight of. It is pointed at the dynamic nature of the market, which should be continually headed. Therefore, it cannot lead to a synthesis with respect to the demand on the one hand, i.e. why a certain policy is desirable, and on the other hand the question what will prove feasible and realizable within acceptable limits. Since only at the top of a business system all 'lines' come together, there the final considerations must be made. -See i.a. page 269 and figure 53-

- Although Mintzberg points at 'the very top of the hierarchy with their own personal staff', neither in the internal system a distinction is made between the so-called 'open loop' with regard to the entrepreneurial side of the management, and the 'closed loop' with regard to the administrative side of the management. (196) How essential this distinction is shown inter alia in the process industry. Research into new products and processes has a fundamentally different objective than company laboratories, which follow and check the processes in the company to deal with any unforeseen deviating results. With regard to clarity in business by means of administrative affairs, the same can be observed.

It must be noted that later on in his studies, the influences of external conditions on an organization are intensively examined. However, Mintzberg does not consider the 'tool of doing the business', which derives its right of existence by doing that business.

'T-S-model' by McKinsey is explained by associates in 'The Art of Japanese Management' (197) as well as in "In Search Of Excellence" (198) Following their company investigations the authors of both books agree that this model may be valuable. Subsequently 7 elements in a company are
highlighted. i.e. the 3 so-called 'hard S's': Strategy, Structure and Systems, and the 4 'soft S's': Staff, Skills, Style and Superordinate goals. The first three elements do not present any new viewpoints, neither Strategy with regard to policy, nor Structure with regard to organization, nor Systems with regard to being informed. Remarkable are the 'soft' elements, since these show that they have received scant attention so far. Staff denotes the type of personnel, Skills, the degree of expertise, Style makes the connection with behavior and Superordinate goals relate to spiritual values and people's consciousness of these. It is obvious that these aspects have been eye-openers for the investigators, as their books show. Nonetheless, the model also calls up questions. The mutual relation between the elements remain unexplained. Rereading the literature on this subject, the question remains, whether it concerns 'topics' from the different monodisciplines. Therefore below it has been tried to explain how the 'S's' relate, as based on the line of thinking in this book.

The model departs from a 'Strategy'. -Without explaining the forming of a vision with respect to the business philosophy, which precedes this. The consequent policy, which is the basis of the strategy, also remains unconsidered.-

'Systems', based on such an approach and 'carrier' of that strategy, should comprise the entire system of activities instead of only the information flows mentioned. In such a framework there is a place for a 'Staff', which as regards 'Skills' and 'Style' is fitting for the customers' requirements, as stated in the business philosophy on the one hand. On the other hand it should be in harmony with product and process. -The latter concerns the performance, not mentioned here.- From this a structuring must follow of the 'Systems' in order to be able to control these. The higher values or principles instilled in the staff, i.e. 'superordinate goals' lie within the margins permitted by market and enterprise.
It is remarkable how in all these cases independent notions have been taken as starting point. These are noticeably considered as static notwithstanding the predominant dynamic nature of business and consequently business administration. The question how these elements interrelate has not been explained. This, therefore, forms the core of what is to be done with regard to the discipline of business administration.
This book addresses the control of business systems. This is seen against a background of a society in continual flux. It is investigated what aspects play a role in this respect. Not as independent, unconnected elements, but in their mutual relation.

It is established that a common tenet cannot be observed. The reasons are to be found in the below-mentioned causes.

. Scientific ethics is, generally speaking, reserved, if not averse to dealing with issues from a 'side' approach. Meanwhile companies and institutes are facing problems that require no partial solutions, but should be viewed and dealt with in the light of the overall approach. This should be the subject of business administration. In this respect it will meet with little support from available theory. The explanatory element is missing.

. One of the consequences of the foregoing is that associated elements, which should be characteristic for making the required connections between these parts, cannot be evolved.

As amply explained, the development of business administration is impeded on these grounds. The harmful effects for enterprises, the people employed and consequently the general interest will be evident.

The intention of this book is the following.

. The unfolding of the problems which though often signalled, also in literature, but to date, as far as known, have not been given a theoretical foundation. This should be due to the fact that specialists are 'preprogrammed' as a result of their mono-disciplinary training. It is pointed at the 'authority' of the different specialisms within certain boundaries. Exceeding these boundaries, so as to obtain an overview of the entire business, is generally not achieved.

. Indicating the trajectory gone through from entrepreneurship to running a company on full stream. Special attention is being paid to the characteristic facets involved, i.e. in the sequence which apparently it is based on.

Regularly it is pointed at the basic rules, which are universal for any company or institute, as well as at the special circumstances causing particular differences for an individual case. Moreover, in every case time plays its own role. This implies that there can be no mention of a fixed situation. This requires alertness of the management. In order to continue the control of an enterprise, it
must be clearly seen where the formal part of management ends and where the informal, strenuous part commences. In view of the dynamics of the complete societal system an enterprise is part of, these boundaries can never be fixed. They will even differ from environment to environment.

Forming a business view in this respect is similar for all people in the company. With respect to the questions raised, each and everyone will have to do his task. On the one hand the common business philosophy leads to political aspirations, based on the sound interests of the enterprise. On the other hand the point is to determine what can be realized within acceptable boundaries. The synthesis is management’s responsibility. It must make decisions on basis of advice submitted by specialists. At all times risks must be calculated together and dealt with. That these are greater than ought to be strictly necessary, is extensively explained.

Perhaps in this connection it may be pointed at training programs starting from objectives. So not the motives for such objectives, or the statements of the problem. The needs of the parties interested, i.e. students as well as industry/institutes remain unclear. In other words no business view, business philosophy is given. Already in this respect any exchange of viewpoints is impeded, if not impossible. In essence this implies that formulating an effective policy without a basis becomes illusory. When needs of customers change, which is to be expected, even this basis disappears. When education remains oriented toward the same objectives, a sorcerer’s apprentice effect is the case. The fact that implementation in connection with performance will suffer will be evident. The choice of subjects taught has become arbitrary, since it no longer is attuned to the demand.

Summing up, what is lacking is the forming of vision. It means following the facts. The resulting damage will increase in view of the ever faster changing society. One may think of the developments in the European Community from 1992. This concerns both industry, students and consequently the government.

Finally, it is stated on basis of experience, that leaders of small companies, who have had practice as their school, often have a more business-like attitude and frame of mind than those who have followed an appropriate training.

It needs no further elaboration that for business administration a large field lies unexplored, demanding much energy before the true identity of this discipline will emerge in all clearness.
In particular this will pertain to a change of established culturally-scientific notions.

Here another challenge can be found for business administration, not only for teachers but also for advisors, consultants and those employed as such..
Notes

Preface
(11) Indications only; nearly every author starts from an existing firm.
(U) Indications only.

Exploration
1 Malotaux, P. Ch-R./Veld, J. In 't, Inleiding In de bedrijfseer, Part I, Ed. 21, and Part II, Ed. 13, T.U. Delft
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2 Storm, Peter M., Geen Gezag Zonder Gezicht, Van Gorkum, 1981, p. 135

Looking outside? But only after looking inside.
6 Dekker, Wisse, in Financial Economic Magazine, Amsterdam, Bonaventura, ca. 1984
7 Iacocca, Lee, with Novak, William; An autobiography, New York, Bantam Books, Export Ed. 1985, p 194
8 Maslow, Abraham, H., The Farther Reaches of Human Nature, Dutch Translation, o 95

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9 Jaques, Elliot, The Measurement of Responsibility, Tavistock, 1956
10 Iacocca, Lee, with Novak, William; An autobiography, New York, Bantam Books, Export Ed. 1985, pp 106, etc.
11 Nordhoff, Heinrich, in Volkswagen Magazine, ca. 1959
Purchasing Management Shell Nederland in radio broadcast, ca. September 1986


Storm, Peter M., Geen Gezag Zonder Gezicht, Van Gorkum,1981, pp. 45 & 89


Taking stock at the basis / Intercommunication


Taylor, Frederick, W., Scientific Management, Harper & Brothers, 1947, e.g. p 133


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Fayol, Henri, Administration Industrielle et Generale, 1916, English transl. 1974, ch. 1, par. 6

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Urrwick, L., in foreword English translation of Fayol, Henri, Administration Industrielle et Generale, p. XVI


Structure of Organization

Ibid. Weber, Max, p 18

Ibid. Burns, Tom, p. 35

Lawrence, Paul and Lorsch, Jay, pp 44,45


Ibid. Pugh et al, Etzioni, Amitai, pp 74, 76

Decision-making in organizations

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37/38 Ibid., March, James, G. and Cyert, Richard, M., pp 107-111
39/40 Ibid. Crozier, Michel, pp 127, 128 & 129
. The Management of Organizations
41/42 Ibid. Sloan, Alfred, P., pp 139-140
. The Management of Organizations
Mintzberg, Henry, p 155
49 Ibid, p. 202
50 Ibid. p. 204
51 Ibid. p. 205
52 Ibid. pp. 241, 242
53 Ibid. p. 29
54 Ibid. p. 206
. People in Organizations
Mayo, Elton, pp 158 etc.
58 Ibid. McGregor, Douglas and Likert, Rensis, pp 166 etc.
59 Ibid. Blake, Robert R., Mouton, Jane S., pp 172 & 174/175
60/61 Ibid. Argyris, Chris, pp 177 & 179/180
62/63 Ibid. Herzberg, Frederick, p 183
64 Ibid. Jaques, Elliot, p 197
65 Ibid. Pugh, D.S. et al, p 206
66 Ibid. Nichols, Robert, p 209
67 Ibid. Burnham, James, pp 212/213
68/69 Ibid. Whyte, William, pp 214, 216, 217
70/71 Ibid. Galbraith, John Kenneth, pp 221/220
72/73 Ibid. Schumacher, Fritz E., pp 223, 224, 225
74 Bureau of Census, USA, CBS, Holland, etc.
75 .McCarthy, E. Jerome, Basic Marketing, D. Irwin, 1971

Hart, H.W.C. van der, Marketing: Theorie en Praktijk, pp 1 & 18

Drucker, Peter F., Managing for Results, Pan Management Series, 1956, p. 223


Intercommunication; A problem unto itself

Quotations from In Search Of Excellence, 1982, p. 113


Ibid., p. 9
Ibid., p. 10
Ibid., p. 14
Ibid., p. 15

Lievegoed, Bernard, De Levensloop van de Mens, Leeniscaat, 6th ed., Rotterdam, 1977, p. 147

Contradictions in Intention
Ibid., ch. 6, par. 4
Ibid., ch. 6, par. 4
Ibid., ch. 6, par. 10
Ibid., ch. 6, par. 10
Ibid., ch. 5, par. 5
Being an enterprise by 'serving' a market as a "tool of doing the business" is not well known.
Nearest by are: "Human factors are paired with environmental factors" (Oliver E. Williamson) or Marketing conditions will affect the corrective or normative end of the spectrum." Etzioni). Marketing literature fails on sales as servicing clients.

System/Mechanism
Philips, Frits, and Ott, Leo, 45 Jaar met Philips (45 Years with Philips), Ad Donker, Rotterdam, 1976, ch. 18
See: Lievegoed, Bernard, De Levensloop van de Mens, Lemniscaat, 6th ed., Rotterdam, 1977, p. 43
The many crucial decisions in the history of mankind, e.g. The well-known decision on the date of D-Day by general Dwight D. Eisenhower, 6th June 1944. etc.
Schmidt, Helmuth, Menschen und Mächte, Wolf, Jobst, Siedler Verlag GMBH, Berlin, Part II
Brothers Wright about the first airplanes, Albert Pleman about KLM, the oldest airline company in the world, general Ludendorf about logistics, etc.

See: Likert, Rensis and McGregor, Douglas in Writers on Organizations, Penguin Books, 1985, p. 166:
"Management is at times a relative process. A leader must always adapt his behavior to take account of the persons he leads..."

Cf. Argyris, Chris in Writers on Organizations, Penguin Books, 1985, p. 179, in case of
..."The concern is with open control and with instructions. As a result its constituent specialists follow their own leads irrespective of wider interests and even to each other's detriment."....

H.A.M.: Nederlandse Aardolie Maatschappij as subsidiary of Shell (51%) and Esso (49%)

ALDEL, initially a subsidiary of Billiton (SURALCO), went for 50% to Med. Hoogovens in connection with financing. Thereafter in view of experience Alusuisse took over 1/3rd of Billiton.


Experiences by Waller, Frans, former president of Netherlands Gist & Spiritus Fabriek N.V., during his visit to Penicilnine factories in the USA, 1958

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See: Etzioni, Amitai in Writers on Organizations, Penguin Books, 1985: .. "It should always be remembered that there are many outside factors which affect the kind of control structure that an organization can have."..

- The stage of development of strategy is not incorporated in a framework of dynamics. On average all considerations are made on their own.

Literature starts from the system as such. No account has been taken of the history of the development process. See Abell, D. and Hammond, J., Strategic Market Planning, Prentice-Hall.

Boven, Geert and Stiller, Louis, Macht en Strategie in het Holle Bedrijf ("The Hollow Corporation") in B & Id magazine, September 1990, UHU Business Publ.


"It is always necessary that the objectives set should be checked by higher levels of management to make sure that they are attainable (neither too high nor too low)."

See: Crozier, Micheal Ibid., p. 129

"This gives rise to a peculiar rhythm of change in bureaucratic organizations. It is an alternation of long term periods of stability with very short periods of crisis and change. Conflicts are stifled until they explode. Explosive crises are therefore endemic to such bureaucracies."

See: Mintzberg, Henry Ibid., p. 152: ..For Mintzberg, none of these schools is at all adequate in describing the work of a manager, although taken together they may provide a starting point."

Cf. Lawrence, Paul and Lorech, Jay Ibid.,: .."The Lawrence and Lorech framework, by emphasizing that the appropriate organization structures depend upon the environmental demands."..


"The net effect of this management approach "says Science Magazine", has been an absence of realistic plans, inadequate understanding of the status of the program and the accumulation of schedule and cost deficits without visibility."

See Pugh, et al, Writers on Organizations, Penguin Books, 1985, March, James, G. and Cyert, Richard, M.: .."Struggles take place over adoption of a policy, but once it is adopted there is little interest in whether or not it is implemented."..

See: Keuning, D., Algemene Systeemtheorie, Systeembenadering en Organisatietheorie, Stenfert Kroese, Leiden 1973
Key factors of the company

No integration of market and business relations is found. Cf. Lawrence, Paul and Lorsch, Jay in Pugh, D.J., Hickson, D.J., Hinings, C.R., Writers on Organizations, Penguin Books, 1985

"Key elements about: (1) people's purposes (2) coordination of people's activities (3) satisfied members' needs through planned actions with the environments."

Teulings, Ad. Philips, geschiedenis en praktijk van een wereldconcern, Van Gennep, Amsterdam, 1976, p. 74, about cartels.


ITT, Philips: Philips Duphar, Hollandse Signaalapparaten, Grandmet: Intercontinental Hotels

Personal effort (service) as fifth essential of the marketing mix.

Cf.: Reuyl, Jan C., Marktagericht Denken Bij Goederen en Diensten, Stenfert Kroese, Leiden 1989, pp. 13/17


Initial hesitation of industrial customers of Philips as an original supplier of consumer goods.

None, see: 133.


Ibid., p. 91 and Kotler, Phillip, Marketing Management, Prentice-Hall, Englewood Cliffs, New Jersey, 1967, p. 179 etc.: "Knowing the right questions is half the battle."

E.g. Texas Instruments and SILVANIA, originally the largest in their field lost market share in the prevailing markets.

E.g. Recent uncertainties about entrepreneurship in Eastern Europe.


Drucker, Peter F., Bernard, Chester I., as well as Bosch, F.A.J., De Grens van de Organisatie als Strategische Keuze, in B&I, January 1990

See: New Scientist, 7 January 1982
Philips, Frits, and Ott, Leo, 15 Jaar met Philips (45 Years with Philips), Ad Donker, Rotterdam, 1976.
Siemens and Univac, 1989
DAF and Leyland Trucks, 1989
Volvo and Renault ("Alliance"), 1990
Nordhoff, Heinrich, In Volkswagen Magazine, ca. 1959
Yeast as a detergent for bread, as an inferior product; penicillin as a superior medicine product
See: Verbaan, D, and Ende, Baukje v.d., Manager speelt hoofdrol bij terugdringen ziekteverzuim, in B&Id, May 1990

Work typology
Pinchot III, Gifford, Intrapreneuring, Harper & Row, 1985 Boundaries of the Project/Elaborating the plan
Cf. Cyert, Richard M., and March, James, G. In Pugh et al, Writers on Organizations, Penguin Books, 1985, p. 109 "When it comes to the statement of objectives to be acted upon there is no consensus. An organization is a coalition of conflicting interests."...
Iaccocca, Lee, with Novak, William; An autobiography, New York, Bantam Books, Export Ed. 1985, ch. 15, Building the team
Equal Basis of Interests between Volvo and government
December 1938

Ibid., 1968

E.g. Philips, 1990, etc.

E.g. Governmental as well as industrial organizations (in the Netherlands ca. 1980)

Cf. Veld, In 't, Analyse van organisatieprocessen, 2nd ed. ch. 4, Systeembenedering and ch. 16

Information from practice

E.g. Ford, Hasselt, Belgium

Decision making

Zijderveld, A. C., Bedrijfscultuur, Fantoom en Felt, SMO/Stichting Maatschappij en Onderneming, 1986, p. 16

"Vooral in de moderne samenleving met weinig hechte tradities leidt dit tot grote culturele variabiliteit."

"Especially in modern society with few strong traditions this creates great cultural variety."

Ibid., p. 61 (Smirich, 1983)

KLM. Philips, Anhauser-Busch, etc.

Changes in profile of management

Distinction entrepreneurial and administratieve management

See: Lievegoed, Bernard, De Levensloop van de Mens, Lemniscaat, 6th ed., Rotterdam, 1977, p. 52

See: personal experience in project management


Seminar; Academisch Genootschap, "Universiteit tussen Markt en Missie", 30th March 1990

Concreteizing/ Execution

See 127

Implementation


Seminar 1962, about post-war experiments P.T.T., with regard to training of unskilled chauffeurs (prof. Leenen)


Cf. Pugh et al, Writers on Organizations, Penguin Books,
1985, Chandler, A. D., p. 54
"A creative innovation goes beyond existing practice and
creative procedures developing decentralized field units for
example."...

Further course of the business
On full stream
183 Cf. e.g. Drucker, Peter, F., The Practice of Management,
Harper & Row, 1954, part IU/19, 2nd paragraph, 4th page,
about the history of IBM, in case of skill
184 E.g. Texas Instruments, Sylvania, etc.
185 E.g. in case of electronics, ship-building, etc.

Breakthrough
186 Signatics bought by Philips, Billiton bought by Shell,
Rowntree-Macintosh, bought by Brooks Bond, Fabergé/Ellisabeth
Arden bought by Unilever, etc.
187 E.g. Philishave

Survey of the procedure
Road Followed
Profile of management
188 See: Malotaux, P.Ch-R./Veld, J. In 't, Industriële
Organisatie Part B, ed. 20, T.U. Delft, bijlage XII, blz. 1
(Urlicx, Orr & Partners Ltd.London)
189 It is pointed at, Peters, Thomas J., and Waterman Jr., Robert
about enterprises running into difficulties after the check
up of the authors
"The more fractionated the roles, the fewer members will
grasp the organizational mission."...
p. 758: "Leadership is most effective, when it is based on
the modes of influence of expertise and personal liking."...

Balance
Comparisons and conclusions
Adjusting views
191 Cf. Malotaux, P.Ch-R., and Veld, J. In 't, Inleiding in de
bedrijfsfeer, part 1, T.U. Delft, no 106, p. 3, the concept
'organization'.


Other viewpoints


Cf.: Botter, Constant H., Industrie en Organisatie, Philips Technische Bibliotheek, Kluyver/Elsevier 1975, translated: "Systems are 'wholes'. They cannot be split off with impunity. They have to be considered interdisciplinary."..


196 Ibid., p. 19


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