

CASE STUDY OF
A CHANGE IN LEADERSHIP

by

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B.S. Boston College

(1978)

SUBMITTED TO THE SLOAN
SCHOOL OF MANAGEMENT IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF

MASTER OF SCIENCE

at the

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

May 1981

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This study is the result of several personal interviews at Prime Computer, Inc., Natick, Massachusetts.

Special thanks are extended to Mr. Ken Fisher, for his generous co-operation and interest, and to Mr. Joseph Casher, Mr. Robert Berkowitz, Mr. Dave Horton, and Mr. Don Jacobs. The time and effort that they contributed during the interview process are greatly appreciated.

A special thanks to Mr. Ralph Katz, my thesis advisor, for his resourcefulness in support of my study, his enthusiasm, and time.

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Submitted to the Sloan School of Management on
May 19, 1981 in partial fulfillment of the
requirements for the Degree of Master of Science
in Management

ABSTRACT

A case analysis was conducted on the leadership at Prime Computer, Inc. Specifically, the President and Chief Executive Officer, Mr. Ken Fisher, was studied. Data was obtained primarily through interviews with Mr. Fisher, and with his executive vice-presidents.

Prime Computer was initially chosen because it was a firm in which the leader appeared to make a definite impact. This analysis attempts to explain why Mr. Fisher's behavior was successful. It addresses leadership action or behavior rather than leadership style alone. Primary theorists employed are Fiedler, Hollander, Argyris, Quinn, Lawrence and Lorsch, and Beckhard. The primary leadership models that are explored are the Contingency Model of Leadership, situational and trait models, and the social exchange theory of leadership.

Issues particularly relevant in leadership study are also explored. These are: strategy formation, decision-making, and management of change.

Application of the literature to this case reveals areas in which there is little or no research to explain elements of the leadership phenomenon. The theories that appear to explain leadership action most definitively appear to be Hollander's situational theory of leadership, which addresses follower influence during the emergence of leadership; and Social Exchange Theory, attributed to several theorists, which implies an exchange of rewards and costs in the leadership process.

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Introduction

This paper is the result of a case analysis of the leadership at Prime Computer. Specifically, it addresses several issues in leadership that the President and C.E.O., Mr. Kenneth Fisher, confronted at Prime.

Prime was initially chosen because it is a relatively new corporation, and one in which it seems the leader made a definite impact. It would seem that a new corporation would be more conducive to study than an older, more complex one, in which the impact of a leader is affected by many more variables. It is hoped that as a result of this analysis, a more insightful understanding of leadership action will be gained.

This brings up several issues. Can a study be meaningful if it only looks at one leader in a company? Will the analysis of the data be relevant to other situations? The author feels that these are obvious questions, but that they both have a "yes" answer. The study is based on several issues that are common for most leaders in corporations, although of course, there will be situational differences. The primary purpose of this study, however, is to develop more insight into leadership action, instead of just leadership style. It is felt that an in-depth study will be more advantageous than studying several leaders for this end.

Jay Galbraith talks about leadership in the following.

Leadership is a subject for which there is a great deal of folklore, theoretical speculation, and even empirical evidence. But in spite of this attention, there is no single, valid theory of leadership. One can find classic works in organization theory which consider leadership to be the critical factor around which the organization should be designed. In another, the word leadership is not even mentioned. Among these theorists who consider leadership important, one can find several different paradigms. Research within a single paradigm often shows inconsistent results and rarely if ever is more than 25 percent of the variance of a behavior or attitude explained. Thus, leadership is regarded by some as one of the most important but least understood factors in organization.¹

This study is based on the premise that leadership is one of the most important factors in an organization, and on the assumption that the leader him or herself makes the most significant impact on the organization, provided environmental factors are not extreme or overwhelming.

The data for this analysis was gathered mainly through personal interviews with the CEO and President of Prime Computer, and several of the executive Vice-Presidents. Those interviewed were: Mr. Kenneth Fisher, President and CEO; Mr. Joseph Cashen, V.P. Engineering and Founder; Mr. Robert Berkowitz, V.P. Manufacturing and Founder; Mr. Dave Horton, V.P. Corporate Development; and Mr. Don Jacobs, V.P. Human Resources. Other sources used are current literature regarding Prime.

The primary theories that this study uses are namely those of Argyris, Quin, Hollander, Bass, Lawrence, Lorsch, Fiedler, and Beckhard. Several studies conducted by the American Association of

Management are also employed.

The issues that have been particularly identified in this study of Prime's leadership (Ken Fisher) are the following:

- .Personal philosophy of style of leadership
- .Action of the leader in setting strategy
- .Action of the leader in decision-making
- .Action of the leader in an organization undergoing change (technical orientation to marketing orientation; rapid growth in personnel).
- .Interaction of leader with and influence on the executive team.
- .Leader's role in defining a reward system.
- .Non-engineer as a leader in a high-tech firm.

These issues can be combined into three overall areas of leadership study, and will provide the framework of the theory and analysis.

These are:

- I. Leadership Philosophy and Behavior
- II. Strategy Formulation and Decision-Making
- III. Management of Change

First, however, data from the interviews and current literature will be presented.

II. DATA

PRIME HISTORY

Prime Computer, Inc., manufactures small to medium scale computer systems for data acquisition, business data processing, and computation. It was founded in 1972 when seven executives of Honeywell, Inc. decided to start their own company. Honeywell had just gotten out of the mini-computer market. These seven developed the first mini computer with many of the capabilities found in larger mainframes. The basis of the development was a high performance technology called MULTICS, developed 10 years prior at M.I.T. This technology had never been applied to small computers.

Through 1974, the company was not profitable. The computer could not be priced low enough to battle the existing competition.

Since that time, however, both sales and earnings skyrocketed. For instance, sales increased from \$11 million to \$153 million over a five-year period, starting in 1975, the time of Fisher's arrival. These increases represent about a doubling of the previous year's sales. Profits also doubled every year in the same time period, from \$692,000 in 1975 to \$17 million in 1979.

FISHER

Mr. Ken Fisher was named President and Chief Executive Officer in July, 1975, after being recruited from Honeywell. At Honeywell, he had been Vice President of Central Operations for 3 years; Director of Field Marketing for 1 year, and had been associated with General Electric for 10 years prior to 1970.

INITIAL CHANGES

When Fisher came in 1975, Prime, like other minicomputer manufacturers, had been selling to the large original equipment manufacturers (OEM). OEM's integrated computers into their overall systems. Fisher came in and added peripheral equipment to make Prime's product, instead, complete systems for end users.

Prime became profitable because for the first time, it found customers who were willing to pay for the quality and performance of the computer. Principal buyers were the scientific and engineering customers, who were sophisticated users, but small enough so that they could be motivated by cost advantages over bigger mainframes.

After exploiting the inherent capability of the product by expanding the markets, Fisher increased the sales force dramatically. He allocated 28% of revenue into marketing and sales, this percentage matched only by I.B.M. Five subsidiaries were added in Western Europe and seventeen distributors around the world. Foreign sales have since grown to be over 40% of sales.

INTERVIEW DATA AND CURRENT LITERATURE

Ken Fisher came to Prime as a result of the Board of Directors and several within the company clearly recognizing the need for a stronger marketing organization. Prime, founded by engineers, had potential in untapped markets. Some present executives said several had been aware of this potential. He commented, however, "the need was identified, but no one was doing anything about it. No one had what Ken Fisher did...he was able to harness it..." Another senior executive commented

that it was obvious that "Ken saw the marketing potential before he came, just as soon as he interviewed." The Board of Directors felt that Ken Fisher, with his extensive marketing background, could immediately provide a marketing direction for Prime.

One executive pointed out the multiplicity of markets and applications that the Prime product lent itself to, "so much so, that without major investment in R&D, it was possible to broaden application use." One of the "first things" Ken Fisher did was to "ignore the OEM market" for the most part, and concentrate on end users. For the next three years, Fisher directed Prime to continue to focus on the end users. In 1979, Prime began to address the OEM market it had ignored before, but retained its primary focus on the end users. While Prime's major competitors still sell primarily to the OEM market, Prime sells only about 15% to the OEM market. Since then, Fisher's most recent marketing strategic change was the decision to spend a considerable amount of R&D on products for the "innovators", basically, for executives in the "Office of the Future" market. While IBM and Wang addressed themselves primarily to secretaries in this market, Fisher decided to go all out by targeting executives. One industry commentator noted that while this may hurt Prime in the short run, it will position them well in the long run.² One executive pointed out how Fisher "fine-tuned" the company's marketing orientation by making it market-driven as opposed to product-driven.

In addition to developing a marketing strategy, Fisher orchestrated several tactical decisions. The V.P. of Marketing was replaced; many more marketing and sales people were hired, proportional to other

functional areas. When Fisher arrived at Prime, there were only about 100 employees, only a few of those in marketing. As the number of employees has grown to over a few thousand, over $\frac{1}{2}$ of these are in marketing. One industry spokesman noted: "Prime matched IBM, putting a huge 28% of revenue in marketing..." He noted that perhaps the greatest testimony to Fisher's strategy was that small computer systems were recently introduced by rivals IBM, DEC, DG and HP, more competitive in price and performance than previously.³

When Fisher focused the company on the "innovators" and "early adopters" in the market place, he did this because he felt that "85% of the marketplace comes to us for free". He explained how he decided to focus Prime on the 15% of the market representing the 2.5% innovators and 13.5% early adopters. These are the markets that Fisher felt that money should be devoted to. He discredited the idea that a lot of money should be spent on extending the product life cycle. Fisher contended that this strategy might not be as relevant and successful for another company, however.

When the executives of Prime were asked whether they thought a transition to a marketing-oriented company would have happened "anyway", i.e., as a result of the inherent capability of the product, one executive said that "eventually the potential of the product would have surfaced, but certainly, not as quickly or as fully as it did vis-a-vis Ken's drive." Another executive's words summarized the general feeling: "Another CFO could have been marketing-oriented, but another person may not have had the very aggressive push for growth that Fisher had." Fisher pointed out that the company was very ready

for change, but he did intervene to shape the change.

Fisher set the stage for implementation of the changes he brought about. He pointed out that the men with whom he would be working closely were already "senior" people. A few came directly from Honeywell, and were past associates of Fisher. While the V.P. of Manufacturing and the V.P. of Engineering were two of the original seven founders of the company, the other senior executives came from jobs that were "as big or bigger" than the ones they assumed at Prime. This was thought to be a conscious decision on the part of Mr. Fisher. Manufacturing and engineering were strong when Fisher came; he built up Finance and Marketing "from the ground", as one executive said. One executive also credited Fisher with building one of the finest sales systems in the world.

In trying to change the direction of Prime, Fisher noted that it was important to adapt to the people already at Prime, in understanding their concerns. At the same time, he took an active role in getting across his ideas for the company. One executive said "He used words we didn't use before." Another one said that Mr. Fisher initially spent a great deal of time explaining his ideas for a new marketing strategy both to the Board of Directors and the executives.

One executive spoke about Fisher's major actions in orchestrating the transition to a marketing-oriented company as taking advantage of the "strengths" of the company, which were the potential new markets; and, maintaining an "unswerving commitment" to profit. This decision enabled Prime to fund growth internally, and to embark on office of the future investment. Business Week noted these

achievements: "He dealt successfully with the twin problems--financing and managing growth--that have all but crippled many of the second-tier minicomputer makers."⁴ An article described how in 1979 after a \$20 million convertible debenture offering, Prime claimed that it would be able to continue to finance growth with ongoing profits, and cash flow generated by an unusual system for deferred tax credits. (Prime sells long-term full-payment leases to either Citibank or Chase Manhattan, getting cash within 10 days. For bank purposes, it's an immediate sale, but for tax purposes, it's carried out over 5 years).⁵ Fisher attributes the creative financing that Prime engaged in to Prime's Chief Financial Officer.

One executive explained that Fisher was the kind of CEO that would make aggressive decisions based on a finely tuned quarterly P&L statement. He said Mr. Fisher "acted" on these, meaning that the decisions, with the associated risks, were based on the accuracy of such records, and left little room for error. Profit funds the next opportunity, and allows Fisher to take the next risk. One executive pointed out that the growth in profits did not feel like an "even" ride up, but more like a lot of sometimes painful "ups and downs" or "steps and starts" brought about by the necessity of the departments tuning expense levels.

Another executive pointed out how this commitment to profit was evident within the marketing department itself. Salespeople at Prime are actually "business representatives", making business decisions for Prime. This represented a broader base of responsibility than a strict marketing orientation; they incorporated an on-going concern for profit as well.

Perhaps fundamental to understanding how the orientation of Prime was changed from a technologically driven to a market driven one, is an understanding of the leadership style of Mr. Fisher, his method of formulating strategy, and his actions as a decision-maker.

Mr. Fisher has the image of a participative leader rather than an autocratic one among his executives. He is seen as a leader who has a definite vision for the company, and as one who is aggressive in trying to make that vision a reality. He is perceived as a dominant person, but not overwhelming. He is primarily seen to operate at the conceptual level; he "allows a lot of leeway", especially with the ideas senior executives have. He is said not to respond well to "I need your help", but responds rather to ideas that "bubble up". He is also thought of as having less ego entrenchment than perhaps some Presidents of other hi-tech fast-growing companies, allowing him to delegate responsibility more so than his trying to control it all. Mr. Fisher is thought of as setting the broader objectives for the company, but it is up to the individual functional groups within the company to interpret those objectives. Fisher may therefore not become directly involved in many major functional decisions, unless they cross functional lines. A sense of teamwork also seems to emerge as an important bond among the top executives which one executive described: "Ken doesn't talk much about interpersonal teams as he does functional teams." It is not really a place that looks for heroes, but good team players. One executive, who was one of the original founders of Prime, pointed out that this teamwork was a necessary requirement under Fisher's leadership, once Prime had evolved to a corporation from a start-up. He said that those who left were not comfortable making this transition, thus, those that stayed were committed to this orientation, a kind of

self-selecting process. He said that this required him to take a totally different role from his entrepreneurial one. Interested and stimulated by Fisher's style of leadership, he pointed out that Fisher was the kind of leader that he could work with, and he allowed him to have complete control in interpretation of Fisher's strategies for his functional area. Fisher's kind of leadership enabled him to make his job "bigger"; he could find the professional growth inherent in the increasing responsibility still challenging. Another senior executive-founder said that making the transition from an entrepreneurial organization to a more formalized corporate structure as a personal and professional experience was very "difficult", but one which was necessary in order to be able to fulfill the responsibilities of a leader, as opposed to an entrepreneur. He said that those that stayed at Prime were both able and willing to make this transition, and that an understanding of the sense of teamwork that is required in a middle to large corporation was part of the "culture" established during the early growth period of Prime under Fisher's leadership. "An entrepreneurial spirit doesn't describe what you want", this executive said, "not in the usual meaning of the word. What you want is someone (an executive) who does have a sense of convention; a logical mind." He commented that "we often hear that many people will say that they don't want 'yes' men, but then won't tolerate anything but!" "Not that Prime does not want business professionals willing to take risks and deal with issues, but the emphasis is on teamwork, and on a mode of leadership by example and delegation." The objective, he pointed out, is to enable top managers to lead; needing to be an entrepreneurial

superstar could be seen to hinder the manager's ability to truly lead. Whereas a project manager or worker might be able to completely control all the elements of that project, a leader in a corporation must be willing to lead, or rather to manage people and have control through people. This analogy between a project manager and a leader is the one that Fisher uses also, to illustrate the difference between his leadership as CEO, and that of the former CEO. The second executive-founder echoed the first's on explaining his reasons for staying at Prime. He said that Fisher's style enabled autonomy and growth of those below him, and that he felt he could assume an orientation of leadership made possible under Fisher, that of constantly adapting to different situations. When asked about the motivation to stay in a company when one was already well-compensated by the success of the stock, he said that for him, it wasn't like he made "enough money here, and now it's time to try someplace else." He said his ability to respect Fisher's leadership and perceive the continued challenge for himself motivated him to stay. He pointed out that "the money is not so important as enhancing the quality of your life."

This team approach strongly links the executives who stress that consensus is the vehicle they use for decision-making. Each functional V.P. has the authority and responsibility for ultimate interpretation of the basic decisions made by the group and by Fisher. One executive pointed out that Fisher was known to force people to be independent; he was not a "hand-holder". Functional decisions are the responsibility of the functional leaders. The executive pointed out how this, in turn, influenced each of the executives' style of leadership in that they

pushed decision-making down as much as possible within the functional group to the level of implementor.

Both Fisher and the V.P. involved most closely in making strategy for the company expressed a strong commitment to this functional orientation. "The least number of contention points, the better", contends Fisher. The best organizational structure is the simplest, he believes. When asked about the viability of such a structural orientation as the company grows larger, he stated that one could develop the "biggest organization with the simplest functional organization". He stated there are "good reasons why integration is difficult." Most business day-to-day decisions are made within the functions, not across them. The bigger decisions are the ones that do cross the functional areas, and have a bigger impact on the corporation. These are the decisions in which Fisher said he is most likely to become involved.

Fisher created a Corporate Development group, consisting of 4-5 people, of which there is a senior V.P. that reports directly to Fisher, and whose office is even physically close to Fisher's. This group was created partially to be able to play the role of integrator, if a particular decision-making process across functions is not productive. This executive pointed out that of course, most of the cross-functional decisions occurred between marketing and engineering, and that, as the company grew larger, these kinds of cross-functional decisions were becoming more commonplace, and the efficiency of these kinds of decisions was naturally being studied by the company. For the most part, though, he said that the system was in place to support

two functional groups working it out themselves. One executive pointed out that the functional organization was probably particularly workable at Prime was because of the nearly singular product line, as opposed to being an extremely diversified company. Executives felt that the common bond between all the functional groups were the internal financial controls, and the strong commitment to profit. All groups said that they shared a marketing orientation also, and that, for instance, it was noted that even in some of the lower levels in engineering, people were seen to be more "sensitive to the market" than might otherwise have been expected.

Fisher says he is not an "MBO guy". He believes that MBO's destroy integration, causing suboptimization. One of Fisher's important roles is to be integrator of the functional groups, and integration in decision-making that involves the whole corporation. He is not seen to make capricious changes, nor brash decisions, but methodological ones. Even during Prime's period of highest growth, one executive said that decisions were not made hurriedly, rather a kind of "hastening slowly". It was also pointed out that after Ken and the team might see things "early", and wouldn't necessarily act. There is a willingness to develop strategies slowly, as long as the executives feel they have all the necessary pieces.

As CEO, Fisher is described as wanting to "keep the engine running well", but that he is most interested in results, and in moving towards future results for that matter. He set up the Corporate Development group to keep people "thinking strategically", recognizing the fact that this is a continuous process. This is an effort that is achieved by persuasion rather than command.

In formulating strategy for the company, Fisher said that when he first came to Prime, people were devoting 90-95% of their energy on the "how" question, without determining "what" the actual objectives were, if they were that which they wanted to meet. He said that he tried to get people to focus on the "what" and to show them that the "how" will fall out naturally. He pointed out that this was a process that had to be a conscious effort; it was not an obvious thing. Fisher said that in formulating strategy for the company, it was important that they look at where the company was right now, in addition to where it wanted to go. As previously mentioned, Fisher orchestrated the company's marketing orientation, and changed the marketing strategy itself. One executive said that Fisher led the strategic process in a "realistic" way, that is, he shaped the strategies to "fit" existing strengths of the company (i.e., product technology, etc.). Fisher clarified what the present company structure was, what should be preserved, and what should change. One executive described this type of strategy as a kind of "evolution" towards a future scenario that was easy enough to imagine well "in advance". By building on what the company actually has now, the company could find a balance between "evolution and revolution", rather than an "operation, which requires a long recovery."

As CEO of Prime, Fisher is seen to be, not only a company spokesman, but a spokesman of the industry. One executive said that when Fisher first came to Prime, "he talked more about the company. Now he talks more about the industry in general." Indeed, Fisher has been quoted in several articles speaking about the "Office of the Future".

Fisher's executive team perceive him as a leader who determines what

Prime wants to pursue. Fisher establishes the objectives; it is up to the executives to interpret these for each of the functional areas.

Fisher describes his view of leadership as similar to what his executives perceive. He points out that the role of a leader becomes what you make it, and that in a corporate hierarchy, a lot of guys don't lead. "Leading is not caretaking, administrating. Leading is setting priorities; deciding what's important; setting a framework; defining a job." Fisher is clear in pointing out that he "doesn't do all the work." He likes to draw the distinction between a corporate leader, such as he is, and a project leader, in defining his role.

"A project leader is one who solves problems, gives answers to problems."

He explains that this is apt to be the kind of leader that does well in a start-up situation. This is also perhaps the kind of leadership that Prime had before he came, he pointed out. "A corporation leader, a professional manager, on the other hand, is one who defines and identifies these problems, before they get to the solution phase."

The difference between these types of leadership is perhaps only evident to professional managers--Fisher did not think that those with "project leader" orientations often saw the distinction. "An organization needs something different as it goes through different stages", and that while leading it today is different than it was in 1975, he admits, he contends that the style and framework are still the same. Fisher claims this is the objective of the kind of leadership role that a company requires: one that is broad enough so that it can move and lead an organization, rather than get bogged down in too many tactics. Fisher points out that there are instances, no doubt,

when a corporate leader is thrust into a dire situation, and must straighten things out, but, generally, this is not the case. Fisher feels that "leading by direction" prepares his executives to also lead by direction, as opposed to leading by doing.

One executive said that Fisher also knows when "not to lead". He said that he "gives leadership when other people demand it, but he knows that to control management, one must let management manage."

When each of the senior executives was asked what they felt was Ken Fisher's single most important contribution, two said his aggressive marketing thrust; one said his marketing strength and his unswerving commitment to profits; and one said his facility for allowing the company to "boil and bubble", and to let decisions get made as low as possible--to let the organization run itself as much as possible. Fisher felt that his single most important contribution has been his "ability to manage people". He implies that he is able to allow others to assume as much responsibility as they can, not needing to come across as domineering or authoritative. He said trying to understand people is a priority. He is quick to point out that another in his position might lead in a much more autocratic fashion, but that that was not his particular style of leadership. When asked if he tried to change his style to fit the environment at Prime or if he tried to change the environment to fit his leadership style, he said, "a little of both." He said, though, that a lot of what was required of a leader was to do more of the latter; "that's what you do". Fisher also feels he has been successful in his ability to integrate the functional areas. While he believes in a simple organizational structure, he also believes in a "simple" leadership style. He said

he is not a "harried executive", that he had a clear enough understanding of the needs of the job that he was able to set priorities, and devote his time to the most important issues.

Fisher stated that one of his important tasks when he first came to Prime was to get people ready to lead in a different fashion. He set up a structure that he hoped would prepare his team of executives to lead by "direction", rather than by "doing". He pointed out that there has been very little turnover in top management, and that was "good". He said an important plus for his organization is and will be a stable management team that can grow with the organization, without having to change the team a lot. As was pointed out before, the executives that Fisher brought in all had "bigger" jobs prior to coming to Prime. This meant, he said, that they were ready for their responsibilities, and that they were able to "grow the company to where they's already been." Although the executives had all had "bigger" jobs before, as one executive pointed out, "none of us have ever been where we are before this," meaning, the top executives of a growing corporation. As a result, he said they all take their jobs very seriously--they have a bigger stake in Prime. This executive said that, as a result of this committment from the executives, coupled with the fact that they each have depth in managerial experience, that Prime has a highly sophisticated management team, "one of the most sophisticated" he'd seen.

Fisher clearly states that much of Prime's success has been due to those who work for him. For instance, he attributed the creative financing that has taken place at Prime to the Chief Financial Officer.

What he does say is that he has been successful in integrating the functional teams, and in managing in such a way that allows his executives and other to continually expand the scopes of their own jobs.

Fisher states that Prime's mission is to make money for the shareholders. He does not believe in a niche orientation; this is confining. He believes that Prime is wanted in many places, so there is no reason to find a "niche". Have to "think as if there is unlimited demand."

As a professional manager, Fisher is somewhat unusual in his role as CEO and President of a growing computer corporation, as most others who hold this position are engineers. However, neither Fisher nor his executives feel that this has been detrimental in any way. They feel that Fisher's marketing orientation was important to the company, especially when manufacturing and engineering were already strong at Prime. Besides, one executive pointed out although Ken Fisher may not know some very detailed aspects of production, as an example, he was actually very competent in his understanding of the technical elements of the business and the needs and opportunities in the market based on this knowledge. There is an obvious commitment to "know" the product and the markets.

Fisher is a leader who establishes the broad objectives for the company; he is the one with a vision, not only for the company, but for the industry. As one executive pointed out, " he is committed to staying at the conceptual level...he has a very clear idea of what leading is all about. He is very consistent about this." While most found this style to enable them to grow and be challenged in their jobs, the executive pointed out that there were, no doubt, some who would rather be told what to do, to be led in a very directive way. Fisher

explained that although he does not get directly involved in many day-to-day functional decisions, he does have a way of knowing if decisions are being made. If he is involved in too many functional decisions, he knows that the functional leader is not assuming full responsibility for his area. This, he said, is a potential indicator of a need to replace that person. If this were the case, Fisher said that his style was also to be confrontative, and to act quickly and clearly in such a situation.

When asked what he thought kept people at Prime, especially those executives that have already been well-compensated, he said he felt that the fact that the executives could still find their jobs rewarding and challenging; and that he personally tried not to limit their growth or desire/capacity for more responsibility. For the company as a whole, he said he felt that stock options were a key compensation tool, a kind of a thread that runs through the entire company.

Fisher is a CEO who thinks that his executives work effectively and smoothly as a team; he feels that each one has complementary strengths. He said that he tries to relate to all levels in the organization, even if just through casual conversation with employees at different levels. He is one not to mix his social life with his professional; he believes these are separate aspects of one's life, and that this orientation frees him to have a clear, professional commitment to lead. He firmly believes that all business people are not "bad" or "exploiting" others, and believes that people are coming around to realizing this again after the anti-business sentiment that pervaded the U.S. a few years ago.

He recognizes that people have a definite need to attribute "all" the credit to the leader of an organization. He said he has found this to be true in some instances where press credits him with some actions directly the result of one of the executives. He said it was important to him to give credit to where it was due; thus, he brought up this situation to others. The matter was left at this when it was realized Fisher, as the leader of Prime, would also receive the negative "accusations" as well as the praise if the occasion for such arrived.

Overall, Fisher is a calm, confident leader who speaks clearly about Prime, its employees, its place in the market, and its mission (to make money for the stockholders.) While he recognizes that others may lead Prime in a different way, he is confident that his style works for him and Prime. He is realistic in saying that many others could have his job, so, in one sense, he was "lucky". On the other hand, he does not mean to minimize what his unique contribution has been and continues to be.

When asked why he wanted to become CEO, Fisher said it had "little to do with money, and a lot to do with leading."

Summary

In the three years before Fisher, Prime had accumulated losses of about \$2 million. Since Fisher, Prime gleaned \$32.4 million net profit in five years. A Forbes article described his contribution: "Fisher quickly identified the business and professional markets as the one to aim at. Prime's products are beautifully packaged for that market, encouraging a quality image. Today they sell at higher prices...

Prime also works from hand to mouth, carrying virtually no order book but promising to deliver within 60 days. DEC, by comparison, has a 9 to 12 month backlog of orders."⁶ Obviously, things changed when Fisher came. But why? What was it about Fisher's leadership that created the environment that the changes took place? It is the hope of this author that by looking first at leadership theory and research, and then, at an analysis of these theories applied to the Prime case, more understanding will be gained about successful leadership in action.

III Review of the Literature

LEADERSHIP THEORY

An overview of various aspects of leadership theory will provide the necessary framework for analysis. McGregor, in the early 60's, identified four major variables involved in leadership, and these are useful to recall as a starting point. They are: (1) the characteristics of the leader; (2) the attitudes, needs, and other personal characteristics of the followers; (3) the characteristics of the organization, such as its purpose, its structure, the nature of the task to be performed; and (4) the social, economic and political milieu. The personal characteristics required for effective performance as a leader vary, depending on the other factors.

McGregor stresses that this is important in that it means that leadership is not a property of the individual, but a complex relationship among the variables.⁷

More recently, Argyris states that when faced with the task of providing a conclusion about leadership, researchers suggest that leadership behavior depends primarily upon the situation and not upon any inherent leadership abilities, although some traits may be common to all leaders.⁸ Carter, leadership researcher, typifies the middle-of-the-road conclusion when he states, "As a general statement, it would appear that leadership is neither completely general nor completely specific."⁹

One of the initial ways researchers have analysed a particular leader has been to observe whether that leader was participative or directive. Bass (1974) reviews how a leader's tendency to be

directive or participative depends on certain personal and situational attributes and factors. He argues that one leader can be participative and effective in the same situation, where another would need to be directive to be effective.

He points out that the proponents of participative management assume that, in most work situations 1) everyone wants to share in the decision-processes of consequence; 2) everyone can contribute usefully to the decision process; 3) generally, there is under-utilization of the available talent. Bass suggests that in order to be able to both prescribe and predict which approach a leader will take, one must first know about 1) the leader in the given situation; 2) his subordinates; 3) the external environment; 4) the internal climate of the organization; and 5) the work that is done.¹⁰

Bass identified seven clusters of attributes of the leader in a situation as making a difference as to whether he or she will be participative or directive. These attributes are interpersonal, personal, cultural, and educational. Others relate to the leader's status, what he is personally seeking for himself, and what he is seeking to accomplish.

The following are tables that show Bass' interpretation of the research of Fiedler, McGregor, Argyris, Leavitt, Patchem, and others; and the appropriate classification of this data to support the tendency that a leader will be either directive or participative.

Table 1

Attributes of a Leader	If he is as Below, then a leader tends to be	
1. Interpersonal Attributes: Valued and liked, identified with, acknowledged as expert, rewarding figure	Directive: Very much or very little esteem	Participative: Moderate esteem
2. Personal Attributes: a. Social ideology: Authoritarian or egalitarian: Theory X or Theory Y	Authoritarian, Theory X	Egalitarian, Theory Y
b. Attitudes toward own capabilities.	High self-esteem, self-confidence	Low self-esteem, self-confidence
c. Attitudes toward subordinate capabilities 1) Capabilities 2) Ideas	Do not value Uninterested	Value highly Interested
d. Specific beliefs about effects of management style		
1) Participation promotes morale	No	Yes
2) Participation promotes productivity	No	Yes
3) Supervisors are rewarded for directiveness	Yes	No
4) Legitimacy of directiveness	Legitimate	Illegitimate
3. Culture	North European, Greek, Indian	U.S., U.K., Latin
4. Training	Pattern A*	Pattern B*

5. Status Attributes:		
a. Importance of position, legitimacy of position, position of control and power	Very much or very little status	Moderate status
b. Centrality to information	Central	Peripheral
c. Span of control	Large	Small
6. Personal Objectives:		
a. Time perspective	Short-term	Long-term
b. Esteem sought	To be valued	To be liked
c. Desired source of esteem	Superiors	Subordinates
7. Job Objectives	Output quantity (Avoidance of risk and uncertainty) Orderliness	Creativity Morale Flexibility Understanding of subordinates Development of subordinates

Table 2

Attributes of His Subordinates	If Subordinates are as below, then a leader tends to be	
	Directive:	Participative:
1. Intragroup Relations: shared norms, purposes, interests; cohesion, absence of conflict, homogeneity of attitudes	Very high, very low cohesion	Moderate cohesion
2. Personal and Interpersonal Attributes:		
a. Level of skill and knowledge; esteem	Low	High
b. Authoritarian vs. egalitarian	Authoritarian	Egalitarian

Table 3

Attributes of Outside Environment	If the Outside Environment is as Below, then a leader tends to be:	
	Directive	Participative
1. Stable or Changing Marketplace	Stable	Turbulent
2. Current Economic Situation	Recession	Prosperity
3. Culture; Client Attitudes, Expectations	Traditional	Post-industrial

Table 4

Attributes of the Organizational Climate	If the Organizational Climate is as Below, then a leader tends to be:	
	Directive	Participative
1. Current Economic Health	Unprofitable ('Profit squeeze') Tight money; losing money; intolerable costs, contracting business	Profitable Surplus money; Highly profitable enterprise; Tolerable costs, expanding business
2. Structure in Which Work Group is Embedded		
a. Departmental function	Production, Accounting, Finance	Research, Personnel, General Management
b. Line or staff	Line	Staff
c. Production system	Mass, batch	Process
d. Centralisation	Directive	Directive or Participative
e. Negotiating requirements	Flexibility	Support
f. Immediate "boss" of leader	Directive	Participative
g. Number of hierarchical levels trained in participation	Few	Many

<p>h. acceptance of participation as legitimate for subordinate</p>	<p>No</p>	<p>Yes</p>
<p>i. Differential motivations</p>	<p>Requires nurturing Responsive to reward and punishment. Prefers order, principle, materialistics; bargainer.</p>	<p>Needs to belong Needs information Needs understanding</p>
<p>j. Independence needs</p>	<p>Weak</p>	<p>Strong</p>
<p>3. Culture, Tradition</p>	<p>Greek</p>	<p>Dutch-Flemish</p>
<p>4. Training</p>	<p>Pattern A*</p>	<p>Pattern B*</p>
<p>5. Job Attributes:</p>		
<p>a. Importance of position</p>	<p>Low status</p>	<p>High status</p>
<p>b. Centrality to information</p>	<p>Peripheral</p>	<p>Central</p>
<p>6. Personal Objectives:</p>		
<p>a. Time perspective</p>	<p>Short-run</p>	<p>Long-run</p>
<p>b. Esteem sought</p>	<p>To be liked</p>	<p>To be valued</p>
<p>c. Desired source of esteem</p>	<p>Superior</p>	<p>Peers</p>
<p>7. Task Objectives</p>	<p>Low risk and uncertainty, Low involvement, Uninterested</p>	<p>Creativity Personal growth Satisfaction Involvement, Interested</p>

Table 5

Task Requirements	If the Task Requirements are as Below, a leader tends to be:	
	Directive	Participative
1. Characteristics of Problem and Decision Requirements		
a. Solution to problem	Unitary, Convergent	Multiple, Divergent
b. High quality required	No	Yes
c. Emergency action; rapid decisions	Yes	No
d. Amount of structure, division of labor; coordination required	Very high, Very low	Moderate
e. Routine or varied	Routine	Varied
f. Machine-paced	Yes	No
g. Practical or theoretical	Practical Very high; Very low	Theoretical Moderate
h. Intellectual, problem- solving, or manual, manipulative	Manual	Intellectual
2. Consequences of Task Completion		
a. Conflicts of interest for subordinates (i.e., salary increases)	Yes	No
b. Outcome of consequence to:	Organization	Subordinates
3. Motives and Constraints		
a. Stressful, pressure, strain	Very high; very low	Moderate
b. Can be delegated; subordinates have control or skills	No	Yes
c. Interaction potential, group size	Low	High

d. Cost of participation Expensive Cheap

*

Pattern A- no leadership training

Pattern B- leadership-sensitivity training

While such a simple categorization of research done on leadership tends to necessitate unrealistic polarization of the different attributes, (i.e., high self-esteem, low self-esteem, uninterested, interested) it provides a matrix of variables that can be analyzed.

This model is actually descriptive, although its intent is to move towards being prescriptive. It is built on a hypothesis that states that the effective leader is more likely to approach the norm for the handling and coping with a specific situational demand. One that is established, one can prescribe. In other words, if this is so, one should behave in this way.

Gils (1974) agrees with the development of a "situational" approach to leadership, in which the structure of the organization, the

Task environment, including the technology of the organization, the ⁻³⁵⁻ external environment, and work group behavior all influence the leader's behavior. He states: "leadership behavior is to be understood by having knowledge of the place of the leader in the organizational system. In this conception, leadership behavior is a behavioral strategy."¹¹

Gils seems to be implying that leadership can be analyzed as a form of strategic behavior in a complex relational network. It would seem important to conceptualize and analyze this network, and especially, the way in which the task environment influences the goals which are set, and the constraints that might lie in the way of achieving these goals.

Lawrence and Lorsch do seek to categorize different types of organizational needs, different stages of a company's growth, different kinds of environments, and such, and then, to identify organization structures that might be appropriate to each of these different situations (1971).¹² They refer to a "contingency model" of organizations where structure depends upon the nature of the tasks with which they are meant to deal. Their studies indicate that within one organization, different structures can exist, and that leadership behavior required (i.e., participative or directive) is to a large extent influenced by the characteristics of the technology. In a study of a particular industry where the technology was stable and predictable, a traditional pyramidal organization structure has advantages, but where technology is unpredictable and the products diverse, a decentralized non-hierarchical organization structure is best.

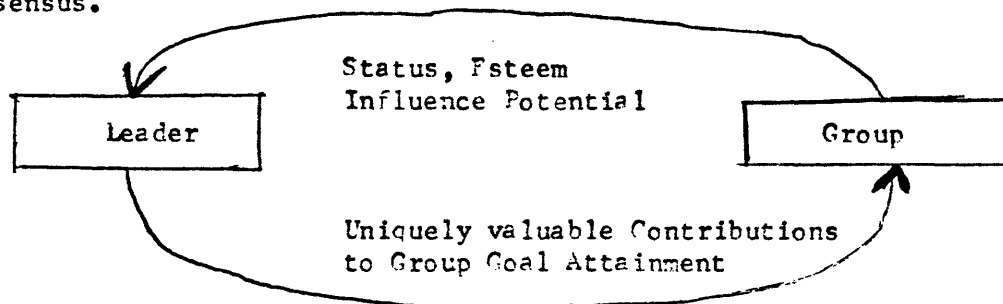
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Jacobs (1974)¹³ speaks of this difficult task to "catalogue" all the variables that contribute to leadership behavior. He noted the past attempts made to identify underlying dimensions by which leadership could be characterized either in simplistic or universalistic terms that would generalize meaningfully to a wider variety of situations.

Motivated by this, Jacobs attempted to explore the potential of social exchange theory as just such an underlying explanatory framework for dealing with leadership phenomena. He points out that a basic premise of social exchange theory is that social behavior is regulated by the relative costs and benefits of such behavior to participants, under the assumption that each individual seeks to maximize his benefits and reduce his costs. For example, a compliment usually "costs" little; but asking for advice is an implied compliment, perhaps, which is costly to the requester. The implied compliment is that the other is more competent. The cost is a loss of self-esteem or stature relative to the other.

As also demonstrated by Hollander and Julian,¹⁴ Jacobs notes that the leadership role requires an unusual level of competence that most group members do not have. Because individuals with this level of competence (usually in an area that contributes to the attainment of group goals) are relatively rare, they are almost always highly valued by their groups. Because they can provide unique contributions

to the attainment of group goals, it becomes worthwhile for their groups to provide them with unique rewards in return. These rewards usually take the form of status, esteem, and influence potential. The relationship between the leader and his group therefore is an equilibrium, as shown in Fig. 1, in which benefits of roughly equal value are exchanged between the leader and the led. It is probable that there is a strong tendency for this exchange to reach a point of stable equilibrium, in which the esteem satisfactions the leader may extract from his position in the group are just balanced by the value of the contributions he can make to the group, where that value is determined by the group through either explicit or implicit consensus.



Hollander¹⁵ suggests that the process of emergence to a position of leadership probably consists first of gaining visibility and then of consolidating gains. The key processes apparently consist both of conformity to the group's norms, at least initially, and of making uniquely valuable contributions to the attainment of group goals. Exchange theory suggests still a third requirement, that of estimating the worth of one's contributions, and then of beginning successfully with the group to obtain approximately the level of status and esteem satisfactions they expect will be demanded in return for these contributions. Jacobs suggests there is a good chance that an individual will exclude himself from a position of leadership if he

fails on any of these counts.

Jacobs also uses social exchange theory to establish a framework of observing the basis of a leader's influence in a formal organization. The three modes of influence he identifies are power, authority, and leadership; and a matrix that describes the effects of these influence bases follows.

Power, Authority and Leadership

	Communication Requirements	Consequences of Non-Compliance	Basis of Influence Attempt	Organisational Consequences
Power	Unilateral. Communication upward not a requirement and not desired except when power figure may desire to reduce the apparent power differential.	Coercive deprivation by power figure, or assessment of coercive penalties.	Control of positive and negative sanctions.	Resistance, high costs of supervision, and low morale.
Authority	Two-way. Influence is exerted primarily downward, but may be reversed. Upward communication essential for confirmation of mutual understanding of basis for and scope of authority.	Possible negative sanctions by peers in the work group, and/or by organizational representative because of non-attainment of goals.	Mutual understanding between superordinates and subordinates of the requirements placed by the organization on the various position incumbents between whom authority relations exist.	No negative consequences for influence attempts based only on authority. Compliance probably requires super- vision, or control systems, or both.
Leadership	Two-way essential. While the influence is primarily directed from leader to follower, receptivity to counter- influence attempts is essential.	None, except where there might be (a) net loss of benefits by not acting in intrinsically beneficial manner, or (b) reduction in approval by a respected leader.	Capacity to interact successfully with subordinate to influence belief systems, etc., and (probably) a means of earning the subordinate's respect.	Increased organizational effectiveness to the extent that the leader's influence attempts are competent.

If these definitions are taken at face value, it seems likely that little leadership occurs in most formal organizations. Jacobs points out that leadership is not very cost-effective. Persuasive interaction which is effective in changing the beliefs and attitudes of organizational members and the norms of work groups is difficult and time consuming. Thus, there is probably an over-reliance on position power in many organizations, the costs of this over-reliance on position power may be inflexibility, brought about by resistance to change, or fixation of organizational performance at some minimum level, rather than at a much higher level sometimes needed.¹⁶

Leader-follower relationships were studied from another angle by Crowe, Bochner and Clark (1972) who found that both autocratically and democratically oriented management leaders behaved democratically with democratic subordinates, and autocratically with autocratic subordinates.¹⁷

It is important to recognize that the situational approach conceives of leadership in terms of function performed, rather than in terms of persisting traits of the leader. Hollander¹⁸ (1964) also distinguishes between the different sources of authority as a leader, that of "emerged" contrasted with "imposed" leadership. The acceptance of influence, which is conditional upon the consent of followers, produces "emergent" leadership. "Imposed" leadership tends to be determined by superior

authority, although it is possible to have these reside in the same person, as in many institutions whose imposed leaders have characteristics which would make them acceptable as emergent leaders as well. Hemphill¹⁹ (1961) alludes to this distinction from a slightly different perspective. He sees leadership not simply as a part of a structure, but rather as an instrumental agent determining the shape it should take. "Attempted" leadership is based on such initiations of new structure; however, the leadership act is incomplete unless that initiation is accepted. He reported one study in which the degree of initiation by a leader is significantly raised or lowered by the acceptance that person is led to believe he has, through a form of social reinforcement. Hollander supports this in pointing out that the maintenance of leadership, even by an imposed leader, requires a regard for the working relationships which are affected by assertions of power.²⁰

Hollander clearly summarizes this concept of social influence in the maintenance of leadership in the following:

'The leader's emergence or waning of status is thus inextricably linked to the prevailing situation, both as group members understand it from the information at hand and as they hold attachments to persons or orientations, present but also past. A change of the influence structure must necessarily overcome the resistance which these factors erect and encourage. It is not so much, then, the "man or the times" as it appears to be the perception of the man and what he represents himself to be and to stand for in the context of the already enveloping situation. Yet, once having achieved status of high influence, what he does may not and indeed need not fit past expectations for, in the maintenance of his position, he is obliged to fulfill new expectations which arise as the situation inevitably is altered.²¹

Attaining leadership, then, can be thought of as determining a differentiation of status allowing for potential influence; maintaining leadership refers to factors which interrelate to yield acceptance of that influence, the effectiveness of leadership referring to the latter process. Hollander makes the distinction between emergent and imposed leadership more so to describe the social influence process that a leader is involved (an imposed leader may also "emerge" as the leader, although this is not necessarily true) than to stress that the operation of the group is any different in each case. He said, instead of traits, ~~and~~ and regardless of source of influence, several behavioral processes seem to be important in determining the effectiveness of leadership.

First, providing the group with structure and goal-setting; second, maintaining a flexibility and adaptability in handling changing requirements as new situations develop; and, third, establishing social relationships which arise from a predictability of behavior on the leader's part which manifests itself in emotional stability, dependability, and fairness in distributing rewards.

Bavelas (1960)²² suggests a behavioral definition of leadership. He says that in the aggregate, leaders are those who perform certain categories of task rather than share characteristic attributes of personality. The question to be asked, he says, is not "Who is the leader?" but "What functions are to be fulfilled?" He implies that the common functional requirements in institutional situations reveals the expectation of an interchangeability of leadership personnel.

The American Management Association defines some of the behavioral

elements of the role of a Chief Executive Officer. " The operating officer has to plan, lead, and monitor. To plan, he has to decide what to do; to lead he has to get things done through others; to monitor, he has to sense and evaluate all that relates to planning and leading-both inside and outside the firm.²³

It also points out that as a general practice, CEO's delegate "recurring tasks"; follow a policy of noninterference in functional areas, and counsel subordinates, but do not make their decisions. Unique tasks performed by the Chief Executive also include, most importantly,

- Setting forth the philosophy of the company
- Establishing corporate objectives
- Initiating and guiding strategic and long-range planning

STRATEGY FORMATION, GOAL SETTING, AND DECISION MAKING

James Quinn²⁴ speaks comprehensively on the subject of chief executive communication of strategy and goals.

"Top managers generally like to keep their options open as long as possible consistent with the information they have. One way to accomplish this is to define only broad directions and then respond to specific, well-documented proposals...The few goals top managers do announce tend (1) to reflect or help build consensus, (2) to be broad enough in concept to allow flexibility and opportunism, and (3) to be sufficiently distant in time that several possible options could ensure their achievement."²⁵

He points out that in setting organizational goals, while they must be general enough to achieve widespread support, they must clearly

delineate what distinguishes the "us" from "them".

In emphasizing only broad directions, and then responding to specific, well-documented proposals, this approach makes it more likely that proposers will identify with their propositions and see them through. This is, in fact, Quinn points out, an example of a contribution to "incrementalism" in goal setting and strategy formulation. This kind of approach, he feels, allows an organization to approach new fields flexibly as opportunities develop. Quinn finds a reasonable amount of data to support a broad goal-setting strategy for the CEO. Quinn states that companies have found that broad goals can create identity and "elan". A basic premise is that effective organizational goals satisfy a basic human need. They enable people to develop a larger identity, to participate in greater challenges, and to have influence or seek rewards they could not achieve alone. It has often been found that many employees can identify better with broad goals like being the best or the first in an area than they can with more specific numerical goals.

Quinn points out the value of effective goal setting as borne out in company across industries. "Most companies devote great attention to measurable output goals--productivity, profit, costs or returns--that lack charisma and provide no special identity to their people. Yet, they often fail to achieve these goals precisely because their people do not identify sufficiently with the company. To forge a common bond among individuals with widely diverse personal values, expectations and capacities, such numerical goals must be teamed with goals that satisfy people's more basic psychological needs: to obtain recognition, to be free, to achieve security..." In addition to the charismatic leader's establishing a transcendent goal for the

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company's strategy, he points out that planning processes must refine goals into specific targets for operation or tactical units. But even here, he states, successful goal-setting is best achieved through incremental, iterative processes that intimately involve those who have to implement the proposed strategic thrusts. He believes that strategy building is a kind of "logical incrementalism" that requires the kind--though not the degree--of participation and commitment building that are the touchstones of Japanese theories, McGregor's theory and a "Bottom Up" philosophy.

In particular, goals should be specific to precipitate action. After building consensus around a broad goal, the top executive may merely approve its specific manifestation, Quinn observes. By making selected goals explicit at the proper moment, managers can create a challenge, precipitate desired discussions or analyses, or crystallize defined thrusts.

Some of the day-to-day implementations of setting strategy and goals are making decisions and delegating. Decision making is an important element of the leader's functioning. Beckhard²⁹ describes an effective organization as one in which decisions are made by and near the sources of information regardless of where these sources are located on the organization chart.

MANAGEMENT OF ORGANIZATIONAL CHANGE

In setting the stage for his theory of emergent leadership, Hollander speaks about how a group with a well-entrenched social form or pattern of behavior comes to recognize that a change must take place. He states that for change to be instigated, there must be a comparison between things as they are and things as they might be. This, he says, suggests a flow of information through some channel of communication. Katz and Lazarsfeld³⁰ (1955) and Mervel and Katz³¹ (1955) in their works found that the leader is found to be a person who provides an interpretation of the world outside the immediate group. It is he who conveys a structure in terms of "social reality", and the acceptance of innovation. Hollander claims that change can no longer be attributed to "the man or the times". It is more a matter of studying the combined impact of the leader and the social context upon the view, that the followers will hold of their world. This is seen by Hollander to be significant to their associated willingness to undertake change. In short, he claims that neither man nor the situation exists independently of the other since, in the emergence aspect of leadership, group members operate from the base of a situation and the particular demands it makes for "task requirements."

Beckhard³² describes organization change in detail, saying that it must be managed from the top. The change must be related to organizational mission and goals. It must be "owned" by the key people in the organization, usually at several levels. It also must be system-oriented; relating to the total organization or significant parts.

He contends that real organization change will not take place and stay maintained unless three conditions are obtained-

1) There must be real dissatisfaction with the status quo- a high enough level of dissatisfaction to mobilize energy toward some change.

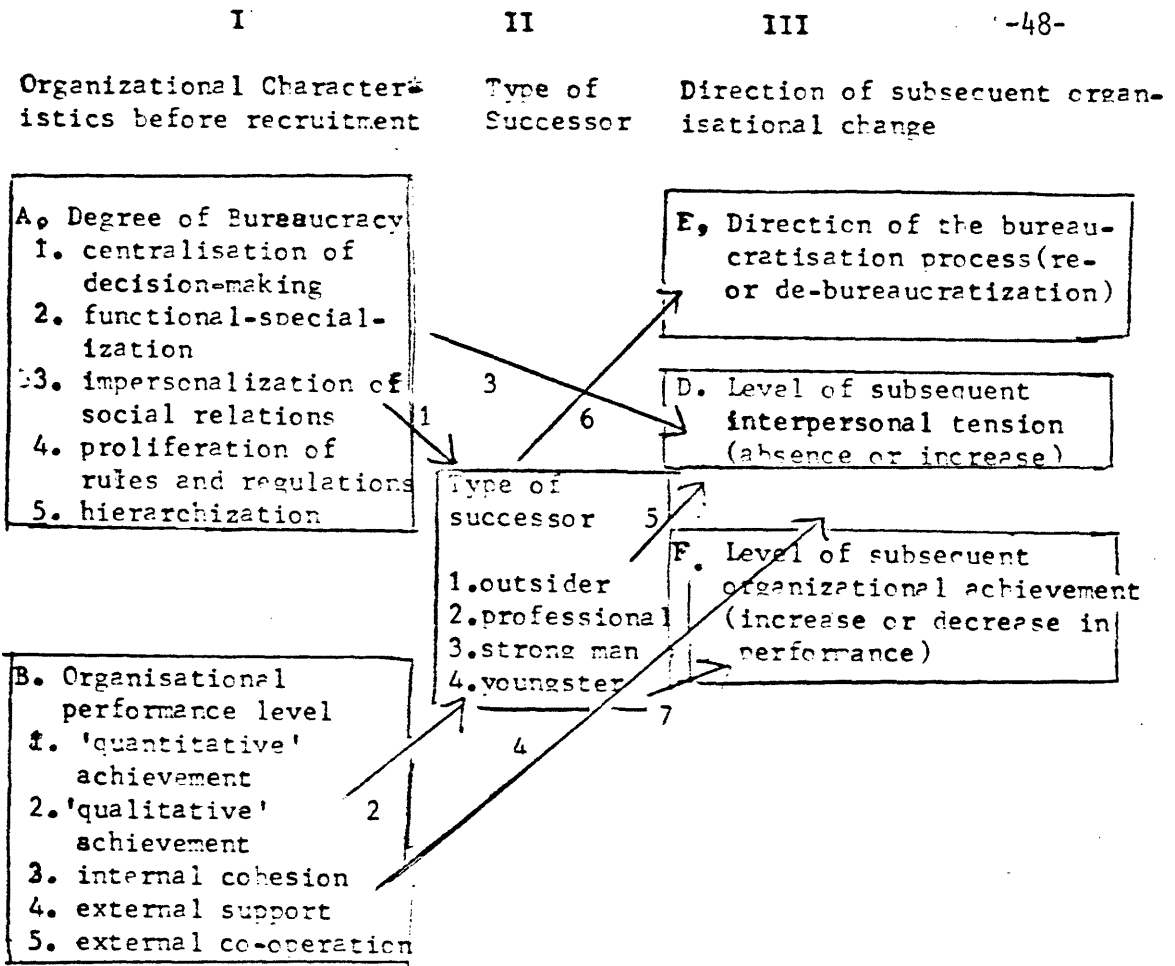
2) There must be in the organization leader's head some picture of a desired state which would be worth mobilizing energy to change toward.

3) There must be in the organization leader's head a knowledge and picture of some practical first step toward this desired state of energy is to be mobilized to start.

If any one of these three conditions does not exist in strength, the "cost" (economic and emotional) of changing is likely to be too high.

In addition to looking at organizational change, and management of that change, it is useful, for purposes of this case, to look at research done on a change in leadership.

Teulings and Otter (1974)³³ look at the issue of leadership succession and recruitment. They develop seven hypotheses that employ the use of a 'typology' of successors that includes four types discussed in the literature: the outsider, the strong man, the professional, and the youngster. At the level of organizational characteristics, three classes of variables are considered to be relevant: the degree of bureaucracy, the level of organizational performance, and the level of interpersonal tension. They develop a model in which organizational variables enter twice; first as determinants of recruitment, and second as functions of the succession process, pointing to the direction of subsequent organizational change, as visualized in the figure below.



Arrows refer to the direction of influences, the numbers refer to the numbered hypotheses.

The hypotheses they develop are the following:

Hypothesis 1: The higher the degree of bureaucracy, the lower the chances of recruitment for outsiders, youngsters, professionals and strong men as successors.

Hypothesis 2*: The lower the level of organizational performance, the higher the chances of recruitment for outsiders and strong men as successors.

Hypothesis 3: The higher the level of bureaucracy, the fewer tensions will occur as a result of the succession process.

Hypothesis 4: ^{*} The higher the level of organisational performance the higher the chances of interpersonal tensions coupled with the succession process.

Hypothesis 5: Outsiders and strong men are more likely to evoke interpersonal tensions than other types of successors.

Hypothesis 6: ^{*} Outsiders and strong men are more likely to encourage tendencies towards (re-) bureaucratism; professionals and youngsters are more likely to evoke changes towards debureaucratism.

Hypothesis 7: Outsiders and strong men are more likely than other types of successors to succeed in restoring organisational performance.

^{*} supported by results.

The method employed by the researchers was a retrospective questionnaire (inspired by Likert)³⁴, where a question was asked to describe the present situation (leader in place for at least 1 year) and the situation x years earlier. The results are meaningful if the successor variables are explained. "Outsider" was measured on a scale range from outsider (worked outside organization) to insider (worked inside organization); "Professional" PhD versus without; "Strong Man" was Carter's³⁵ "individual prominence" where an individual has achieved

outstanding recognition in a given social environment; youngster indicated the 'generation' represented.

The results of the study support hypotheses (2), (4), and (6). The first hypothesis, stating that bureaucratic organizations are less willing to recruit 'deviant' types of successors was only confirmed in the resistance to hire the "strong man". The results did suggest that a high degree of "vertical" structuring (indicated by three elements of bureaucratic structure, i.e., centralization, hierarchization, and impersonal relationships) favored the recruitment of weak or under-qualified successors. A high degree of 'horizontal' structuring (indicated by specialization and proliferation of rules and procedures) leads to an increased chance of so-called bureaucratic succession: internal promotion according to rules of seniority.

A low level of organizational performance appears to be a positive incentive towards the recruitment of outsiders and strong men. Results also suggest that organizations that have developed strong integrative systems (indicated by a proliferation of rules and regulations and hierarchization) are more vulnerable to the possible disruptive consequences of managerial succession, the managerial role requiring more co-ordinative action be taken. Also, if the organization is strongly integrated with its immediate context (indicated by high support from and co-operation with other parts of the organization) the chances of interpersonal tensions again increase.

In general, the results favor the view that organizational conditions

prior to the succession have a greater impact upon the course of events than the selective recruitment itself. There is no correlations between the type of successor recruited and the chances of subsequent interpersonal tension.

Finally, results indicate that in particular, the outsider and strong man are effective change agents, but that their role is limited. They introduce changes only where the previous situation was such as to make a change very likely, if the level of bureaucracy is comparatively low, a process of re-bureaucratization will follow, if the previous level of performance is substandard, their effect again is restricted to restoring performance to an acceptable level.

The phenomenon known as anticipatory reorganization³⁶ of advance adjustment to a potential successor, is supported here as an assumed connection between the type of succession and the subsequent direction of the reshaping of the organization. The data supports the "myth" that outsiders and strong men fulfill their role expectations as ultimate saviors in times of trouble. On the other hand, the data suggests that, if confronted with a troubling situation, other types of successors have just as much chance as succeeding. The study concludes that the succession itself is probably of more consequence than who succeeds.

One researcher, Peter Ryan, studied the leader in a market-oriented company. This is the orientation that Fisher led Prime towards, so an examination of his conclusions is useful. Ryan summarizes his observations of several companies in the following.

"It is up to the chief executive to make sure that every department in the company is geared--individually and collectively--to give the customer what he wants. This, in essence, is integrated marketing--the single most important development in marketing today. And it's up to the chief executive to make sure his company's marketing is built around this concept, ...The president must keep in mind that he has ultimate responsibility for marketing. He must establish the procedures and the organization, and he must ask the questions that keep his executives on the right track. In short, he is the marketing leader of his company. But note the word "leader". He must not fall into the trap of becoming his own director of marketing, any more than he should assume the daily responsibilities of other functions. Because he's the dominant figure in long range planning, he's the right man to make sure that marketing is the basis for all planning being done in other corporate areas.

...One of the most important roles in marketing for the chief executive is that of chief question asker. This is because he is best equipped to ask the right questions and to sense whether he is getting the right answers. He or she must look at his company and ask:

'Is research and development producing ideas that lead to products the customer wants, or is the real objective losing out to some fascinating scientific problem?'"³⁶

Another factor that can be considered in the transition process, in addition to the management of that transition; the influence of the succession process and the definition of a new orientation, is the fit or congruence of the new leader (CEO) with the existing leaders in the organization, or, the development of a whole new team of leaders.

Peter Stern notes that in recent years, some attention has been directed to the question of whether or not knowledge regarding the style of one leader contributes to our ability to predict the

effectiveness of another leader.³⁷ Kerr (1974)³⁸ speaks of the term -53-
"leadership style congruence." He concludes, on the basis of a brief
review of several studies in this area, that leadership style congruence
is likely to be important, but its usefulness is probably more important
in some situations rather than others.

Evans (1973)³⁹ and Nealey and Fiedler (1968)⁴⁰ provide some suggestions
as to a potential theoretical base for leadership congruence research. Evans
identifies two major types of leadership contingency models: consistency
models (where the highest level of performance and satisfaction occur when
environmental, organizational, task and leadership variables are consistent
with each other), and compensatory models (where the highest levels of
performance and satisfaction occur when environmental, organizational, task,
and leadership variables complement each other, or where a lack of one
is made up by strengths in another).

A second theoretical issue concerns the exact meaning of leadership
style congruence. Does the concept of congruence mean a similarity
of leadership styles profile between two leaders, or does it mean
dissimilarity of leadership styles, an interactive profile indicates
better representation? Lawrence and Lorsch (1969)⁴¹ seem to postulate
that similar leadership styles lead to the highest level of effectiveness
for more complex organizational designs.

Kerr⁴², on the other hand, implies that in a less complex, hierarchical
design, a compensatory or complementary profile may be the most appropriate.
This framework acknowledges that: (1) different leadership styles are

required at different levels in the organizational hierarchy because of the variety of job demands encompassed within these levels; and (2) the deficiencies of the behavior of one leader may be satisfied, or compensated, by the behavior of a leader at another level.

A final theoretical issue that is related concerns whether the focus of study is leadership style congruence or leadership congruence. The leader's style can be thought of as relating to the process component of leadership; that is: the directive, supportive, participative behaviors of the leader which have been extensively investigated through the use of the Ohio State scales.⁴³ The other major leadership component may be called the reward component, which relates to the outcomes of subordinate behavior which are recognized and rewarded (or punished) by the leader.⁴⁴ Past studies have shown that the reward behavior of the leader generally results in stronger relationships with subordinate satisfaction and performance than the relationships found with "style" dimensions. This might seem to argue that leader rewards may overshadow effects on subordinate behavior caused by the particular structure of the organization.

Looking at these components of leadership=style or process, and reward, a suggested approach would be to consider consistency and compensatory models as being applicable to the particular organisational structure. For example, consistency models (Galbraith,⁴⁵ 1973; Lawrence and Lorsch,⁴⁶ 1969) appear to be most applicable to the more complex, lateral structural arrangement. Compensatory models, on the other hand, may be more applicable to hierarchical, or bureaucratically based structures.

Extending work done by Healey and Fiedler (1968),⁴⁷ which discusses differences and similarities in managerial role requirements at different organizational levels, we might conclude that hierarchical leadership style congruence might be negatively related to such criteria as performance and/or satisfaction. Some support for this is provided also by Hill and Hunt (1973).⁴⁸ They found that need-dissatisfaction was lower when the leadership styles of the first two managerial levels are different rather than the same. On the other hand, a study by Osborn and Hunt (1974)⁴⁹ would seem to suggest the opposite; that is, that hierarchical congruence rather than incongruence is desirable.

Osborn⁵⁰ claims that variety in leadership styles is a requirement for high effectiveness in a complex situation. This corresponds to Lawrence and Lorsch's concept of differentiation. The key prerequisite for effectiveness in their framework, however, is integration, which focuses on either a separate integrator role or some similarity between the behaviors of interacting leaders.

Theory and research done in the areas of definition of the concept of leadership, on the formulation of strategy and goal-setting, and on the implication of interaction and fit among leaders in an organization, are all limited, to some extent, to the specific nature of the individual situation or situations being studied. However, the studies and theories that have been selected appear to explain more than isolated situations. Because of either the breadth or depth of their study, the theory and research presented here can effectively be applied to a particular situation in organizational leadership for the purpose of developing a deeper understanding of that leadership.

IV Analysis of Prime Leadership

THE LEADER

Ken Fisher is an articulate composed leader who feels strongly about being a leader. His officers, some of whom were at one time associates of Fisher's at Honeywell, and two of whom were original founders of Prime, regard him highly, and credit him with the success of Prime's aggressive turn-around in 1975. Prime was a struggling 100-employee corporation, unprofitable until 1975. The environment was such that Prime was against corporate computer "giants" (IBM, DEC) ineffectively and inappropriately so.

These above might be considered the basic variables that comprise the complex leadership relationship at Prime, using McGregor's theory of leadership that recognizes its foundation in a framework. We also recall Argyris' more recent argument, that leadership behavior depends primarily upon the situation and not upon any inherent leadership abilities that are common to all. Both Fisher and his executives felt that some other CEO might have steered the company in the same marketing direction (provided they had a marketing orientation, perhaps) but "no one else would have accomplished this in the exact same way." One wants to ask the question, what then, was the major force in Prime's successful transition? Looking at the variables, one could hypothesize: the leader, the product inherent capability, the readiness of the organization for change, the opportunities of the marketplace, just the evolution that would have occurred regardless, given a minimum amount of the above criteria.

Fisher's executives felt that Fisher was responsible for the

successful growth of Prime..."before he came it was one way...after he came it was another." They noted that he initiated the coordinated marketing orientation; Fisher contends that the financing was largely the effort of the chief financial officer. To summarize the qualities that may have enabled Fisher to make a successful impact were his ability to manage people; his ability to communicate his ideas, his ability to develop a company strategy. The environmental variables that may have contributed were the inherent capabilities of Prime's products and the (then) as-yet untapped markets; and the strong financial controls within the organization. One way to look at the factors involved may be to weigh them according to importance in bringing about the successful turn of events. The perceptions of the executives would seem to indicate that Fisher's being the leader was most important, (incorporating his strengths in marketing and his commitment to financial control) followed by the functionality of the product and the untapped markets. Their perception might imply that there is an underlying assumption that the leader is a more important variable in a situation than any given "opportunity" or situation. An obvious empirical test would be to duplicate the exact scenario, and vary one of the variables, i.e., the leader, the products, etc..., however, this is the impossible task, and one of the major difficulties of "proving" the relative importance of a leader or of environmental factors. Perhaps the closest approximation of this kind of empirical test would be to compare the situation at Prime with the ex-CEO to the situation with Fisher. The major difference is the leader; although the situation

could perhaps be thought of as different because of a different time in the history of the company. However, it also seems obvious when looking at one leader compared to another, several factors must be taken into consideration. For instance, a leader's level of investment and commitment may be important in influencing his or her success; strengths relative to the requirements of the job; past experience as a leader, etc... There has been research done on various of these factors. For instance, one study observed leaders who had experience in leadership positions with those who had none; it also compared leaders who had had leadership sensitivity training sessions with those who had not. The result of the study was that while past experience did not necessarily improve the performance of the leader, that sensitivity training did. However, there are many other single characteristics of the leader that have not been singularly studied in terms of their relative importance in determining effective leadership, nor has any study looked at the relative importance of one characteristic of a leader versus another particular characteristics in influencing their effectiveness. It is important to note that this point does not disregard the situational approach to the study of leadership; rather, it simply isolates the characteristics of the leader for discussion purposes.

This point may sound as if it is the familiar leadership research hypothesis of a good "fit" being important for effective leadership. The "good fit" assumption implies that the relative importance of certain characteristics is dependent upon the particular situation requirements.

However, for a given situation, the relative importance has not been measured. For instance, in the situation under study, it is not clear what the most important characteristic of Ken Fisher (again, here we are not ignoring the situational factors, simply addressing one factor at a time-the leader.) Was it his past marketing experience, particularly as a leader? Or was it his ability to "fit" in at Prime in terms of the people already there? Or was it his "conceptual style" of leadership? Implicit in this questioning is an assumption that it is useful to know which of any particular qualities is most important in predicting leadership effectiveness in a given situation. However, this may not be the most important avenue to pursue. Rather than a certain situation requiring a particular strength or strengths of a leader, that given situation may require, instead, a minimum amount of a unique set of characteristics. To pursue the first path, however, that of addressing the individual characteristic's relative importance, we might, in the case of Fisher, hypothesize that his ability to lead by direction, to have a strong conceptual vision of a future successful scenario for Prime, an attribute that would enable him to lead effectively in several or perhaps any other situation. On the other hand, perhaps Fisher's marketing orientation was a skill or attribute that enabled him to be successful at Prime, but would be less applicable to any given situation, relative to the previous attribute mentioned. Thus, some attributes of a leader may be more important for any situation, other attributes may be more important for a given situation. Furthermore, in that given situation,

the universally applicable attribute (perhaps the ability to conceptualize leadership) may still be more important than the particular attribute (i.e., marketing orientation). In other words, even though a situation may require a leader with a strong marketing drive, while another situation might not, another characteristic, "conceptual leadership", for instance, might still be more important in the situation, although it is not limited to being important in this situation only.

We can illustrate this point very simply in the case of Prime by hypothetically considering the requirements that the board of Directors may have identified as necessary for the leadership at Prime.

It is known that the board of Directors was looking for someone with marketing experience that would be applicable at Prime, and it could be assumed they were looking for someone with "leadership" ability, although we might not venture to say that a particular leadership style or attributes were sought. In any case, a way to depict the fact that a subtle distinction may exist between what is valued or sought after by a company in its leader and what may actually be more important, in the following:

Prime seeks a...

- .Leader
- .Proven Marketeer

It ranks these...

- ? Proven Marketing Record
- ? Leader

More important to success at Prime

1. Proven marketeer
2. Leader

Fisher has to offer...

- .Leader
- .Proven Marketeer

More important in any situation...

1. Leader
2. Proven marketeer

Thus, this example implies the potential for this kind of scenario: a company looks for a leader (given) with the primary requirement of being marketing oriented. A leader is selected; it turns out that a particular characteristic of the leader is most important in that company's success. Thus, it may be so that while a particular attribute may not be identified prior to selection of a leader as being the most single important of a leader's attributes, in bringing about successful leadership, it may in fact be more important than one that was considered a requirement or most important.

From the data obtained in verbal interviews, we see that while most of the executives said Fisher's biggest contribution was his marketing drive, Fisher felt it was his ability to manage people. This question was phrased to be a historical query, as opposed to "what are Fisher's strengths?" Indeed, the successful marketing drive may be considered the most important attribute of Fisher given a particular time span. Over a longer time frame, because the requirements of the situation may differ, another attribute may be considered more important. For academic purposes, this may suggest that the most important variables in determining successful leadership must be viewed within a time span by which the "successful leadership" is defined. For different time-periods, requirements of a leader may than vary. This may suggest that an important consideration in selection of a leader is to look at the duration of tenure they will be asked/expected/hoped to maintain their positions.

On the other hand, a look at the variation in perceptions of important attributes given different time spans might simply point to the leadership theories that stress the importance of a fit to

changing task requirements or the importance of being flexible enough to adapt to changing situations. However, it is possible that leadership can be thought of in terms of short-term and long-term, the relative weighting of leader characteristic being different for each. Some parallel may be drawn to the differentiation Fisher makes between a leader and a project manager, the former being the long-term, the latter applying to the short term. Still, it must be recognized, although seemingly a trite point, that a successful "long-term" leader must be successful in a series of short terms. For instance, although Ken Fisher is a long-term leader (i.e., a CFO rather than a project leader) he was still successful over a series of successive short-term periods over the past five years. Again, however, we address the previous discussion and ask whether it is a worthwhile one for the study of leadership. Argyris points out that leadership behavior depends primarily upon the situation and not upon any inherent leadership abilities. This brings to mind the question, can leadership behavior be separated out from leadership ability the more overall important variable when addressing the leader as opposed to the situation. It appears that leadership behavior might be a useful area for researchers to devote more time to study as most research concentrates on the study of "traits" or situation "match".

Bass' study (Section III (A)) which is a summary of leadership theories and research finding entitled "Managerial Style As a Function of Personal and Situational Factors", looks at the behavior aspect of leadership in two general categories: that of being participative or directive.

Referring to the tables, we see that in Table 1, attributes of a leader are cross-analyzed with the tendency of that leader to be Directive or Participative. A reminder is that while these cross-tabulations are descriptive of actual situations, the assumption that Bass makes is that the tables are actually prescriptive because of a tendency for the norm to best approximate appropriate behavior. Further such items as level of esteem and confidence tend to be difficult to measure, and it is important to realize that this table describes how and predicts whether a leader will be directive or participative given a set of attributes, and does not imply the opposite (i.e., it does not imply that all participative leaders tend to have low self-confidence and self-esteem, and that all Directive tend to have high levels). Because these tables represent norms, a helpful way to approach them is to assume that for a given leader, there is deviation from these norms. In my case, in this study, it would seem that Fisher was viewed by himself and his executives as more participative than directive, although Fisher did indicate examples that we might view as his assuming a directive stance (i.e., firing someone immediately if necessary, confronting a lack of decision making within the functional areas; noncompliance with financial controls.) Fisher seems to fit the Theory Y as opposed to Theory X; to highly value subordinate capabilities as opposed to not; and to believe that participation promotes morale rather than not. On regards to centrality to information, Fisher may be seen to be peripheral (in participative column) rather than central simply

because he allows decision-making to be made within the functional groups, and as close to the level of implementation within that group. In Table 2, we see that where a group is highly cohesive, the leader tends to be directive rather than participative.

At first consideration, the executive team that works under Fisher might be seen to be very highly cohesive, as opposed to moderately so. Executives revealed positive feelings about the on-going teamwork that takes place. However, moderate cohesion might describe the group more approximately, perhaps simply because each one represents different functional orientations, and inherent to their group identification may be different attitudes and purposes. A participative leader may then be seen to be an integrator of the group. If, on the other hand, the group could be considered highly cohesive, due to their commitment to profit for instance, then a directive leader may be more appropriate. It is more realistic that the former is true, however, in the case of Prime.

In looking at other attributes of the subordinates, those that imply a participative leader seem to be more applicable for Prime than those that imply a directive leader. Executives say that they value effective team-playing, indicating that esteem is mutually sought among peers rather than from the superior figure. Jobs are of high status rather than low; time perspective is long-run rather than short-run. Executives expressed a deep professional investment in their jobs, that they had consciously "stayed" at Prime or came to Prime because

they felt they could grow in the positions for quite some time. Fisher indicated the value of a stable management team that could grow together.

Table 3 matches a changing marketplace with a participative leader; again, we see Prime within the norm. Fisher stated that the needs of the company today are different than they were several years ago, noting the changing marketplace of computers and the Office of the Future.

Tables 4 and 5, organizational climate and task requirements (for executive group), show that most Prime factors fit under the Participative tendency also. Thus, in Ken Fisher's assuming a participative role, he is, for the most part, behaving within the norm of this model, which would also go on to say that this is what he should do.

Gil's analysis took this situational approach one step further. He states that leadership behavior is behavioral strategy, understanding on the leader's part of his or her place in the organization. This would emphasize the fact that leadership may indeed be an ability to understand a given situation, and consciously shape behavior to fit that situation. This would not so much focus on particular qualities of the leader, but would imply that a particular quality of the leader (i.e. perception or adaptability) would enable him or her to lead in almost any situation.

Lawrence and Lorsch look at this issue, and conclude that a leader's behavior is largely influenced by characteristics of the technology. Recalling their findings, they concluded that where the technology was stable and predictable, a traditional structure is best.

The technology at Prime might be considered unpredictable as opposed to predictable, and the products similar rather than diverse. Prime may be thought of as centralized, organized around functional groups, and having a moderately hierarchical structure. Thus, it fits Lawrence and Lorsch's "stable and predictable" technology-situation rather than the unpredictable technology and diverse-product situation. One might then ask if the functional orientation of Prime is appropriate, as a more de-centralized structure may enable it to be more responsive to the changing marketplace. However, because Prime's products are similar, it would seem very possible that a centralized, functionally-oriented structure would not limit its ability to be both proactive in, and reactive to, a changing marketplace. This issue may also be seen as being addressed through the commitment of Fisher to addressing the needs of the top 15% of the market...the innovators and new users. It would seem that such a singular focus would compensate for any delays that might be caused by a company being functionally organized rather than being product-oriented and decentralized.

We can easily see how Fisher fills the leadership role as a result of criteria noted by Jacobs. He notes that the leader usually possesses an unusual level of competence that most group members do not have. These individuals usually have this level of competence in an area that contributes to the attainment of group goals. In this case, we might see Fisher's most noticeable contribution as a marketing-driven leader. All of Fisher's executives recognize him for this quality, and accord him both respect (esteem) and status. In return, he contributes his marketing

drive.

In analyzing the situation in terms of social exchange theory as suggested by Jacobs, we note that the group, in this case, partially came to Prime, either with Fisher, or shortly after him (i.e., Horton, Morrill), so that the social exchange process was already in place when these executives arrived. Hence, they may have begun this process with Fisher prior to coming to Prime (i.e., regarding him as a leader to whom they would confer status in exchange for his unique contribution).

In any case, Hollander suggested that the emergence of leadership requires that one gains visibility and this consolidates gains. One executive described that the process by which Fisher actually got his ideas across was through active communication with the Board and the executives. This was his means of gaining visibility, and emerging as a leader, although, in fact, he had already been conferred the leadership role by the Board of Directors.

Hollander stresses that this process involves both conforming to the group's norms, and then making a unique contribution to the attainment of group goals. This can most definitely be seen to describe Fisher's entrance to Prime, as he stated that while he had to devote energy to teaching others to lead by direction, rather than by doing, and to changing the way strategy was formulated. etc..., he spent considerable time and energy trying to understand the people at Prime already, and what was important to them. The unique contribution may be

thought of as Fisher's marketing drive, expertise, and vision. Jacobs contends that the third requirement for successful emergence of a leader according to social exchange theory is a bargaining for status and esteem in exchange for this contribution. Although Fisher was in title CEO and President, he no doubt "bargained" as Jacobs describes, for he gained the esteem of his subordinates over and above what might be a minimum amount inherent in the "imposed" aspect of the position.

A useful vehicle for differentiating Fisher as a leader is Jacob's definition of power, of authority and of leadership. (See Section III (A)) Fisher's concept and example as the CEO and president of Prime Computer definitely place him in the "leadership" position, rather than that associated with just power or just authority. Recalling the chart entitled "Power, Authority, and Leadership", we can see the communications requirements, the consequences of noncompliance, the basis of influence attempt, and the organizational consequences of each of the three. We can interpret the chart in the following ways, as a basis for analysis of Prime.

Power may be seen as the capacity to deprive another of needed satisfactions or benefits, or to inflict costs on one for non-compliance with an influence attempt. Compliance requires observation by the influencing agent, because the influence target will seek to obtain rewards by ulterior means, if possible, and to avoid punishments by leaving the situation, whenever able. Implications for organizational effectiveness stem from the effectiveness of resistance, and the cost of supervision to insure that the

desired performance occurs. Communication, during an influence attempt based on power, need not be two-way, and after will not be.

Authority, somewhat similar, "resides in the relationships between positions in an organization, and is derived from consensually validated role expectations for the position incumbents involved," states Jacobs. Compliance with authoritative influence attempts is required of the subordinate; the specified behavior is that which is required for organizational effectiveness, and is the price paid for organizational membership. While power does not require two-way communication, authority probably does. Since authority rests on the consensus of subordinates, the authority figure presumably must communicate sufficient information about overall objectives so that his subordinates understand not only their jobs, but also his. This is needed in order to obtain their agreement that his role calls for him to engage in certain influence acts in order to discharge his own responsibilities.

Leadership, on the other hand, can be thought to consist of an interaction between persons such that the influence target becomes convinced that his outcomes (benefits/cost ratio) will be improved if he behaves as the influence initiator desires. It produces behavior that is self-motivating, and which therefore requires no supervision for compliance. Communication skills are more important for leadership than for either power or authority influence attempts, because its essence is the development of a new state of knowledge, belief, or attitude in the influence target. A key requirement for leadership, according to Jacobs, therefore, is that the influence target probably must always have the

option of deciding for or against compliance with the leader's wishes, without incurring coercive penalties. Either or both of two kinds of reward potential probably underlie successful leadership attempts: the conviction that compliance will produce intrinsic benefits, i.e., the act desired by the leader is really best; and second, that the act will result in social approval of the follower by the leader.

Having already identified Ken Fisher as a participative leader, it is not too unusual that we might conclude that leadership takes place at Prime, more so than authority or power. As in any organization, position power or authority is an inherent part of organizations, especially the lower in the organizational chart one looks. However, if there was a category of organizations where the CEO's tended to rely more on leadership than the other two, Prime would be in this category. This can be shown by the fact that Fisher attempts to influence his subordinates, for the most part, by his consistent approach of leading by direction, allowing an unlimited reign of responsibility of executives in interpreting Fisher's objectives. The built-in limitations of various positions cannot be ignored, however, and because of the particular requirements and limitations that exist between the different levels of authority, we observe the presence of authority influence, as identified by Jacobs.

Referring again to Jacob's chart, we might view leadership at Prime as behavior which succeeds in producing movement towards goals, without deprivation of esteem satisfactions and without disruption of the equity of exchange between the worker and the organizations. An

assumption here is that there is a general dislike for inequity in exchange as defined by Jacobs; and that this is a source of contention if it does occur. Fisher then, influences the executive group by his knowledge of the market's needs; his ability to envision Prime's future, and his ability to actually lead--that is--to inspire, direct, motivate and to plan.

McClelland⁵² points out that the evil in power is the potential for arbitrary application. He states that this is feared by organizations, and that it is possible that the removal of the sense of arbitrariness is the key to the effectiveness of participatory leadership techniques long advocated by human relations theorists.

Adding Jacob's perspective to this, however, would be to again apply the social exchange theory to an understanding of leadership in formal organizations. This view assumes that participation itself may not be the key factor. The social exchange theory would say that the key factor is probably effective representation of the organizational member, to insure that the equity of his outcomes is not compromised by the arbitrary actions of his own superordinates. This might also be thought of as similar to McMurray's "benevolent autocracy."

Jacob's point that "true" leadership actually is difficult to find in many formal organizations because it is not cost-effective is an interesting one to consider in the context of Prime. Persuasive interaction, which is the tool used to change attitudes and beliefs, is

difficult and time-consuming. When we look at the situation at Prime, Fisher explained how he spent a good deal of his early days both listening to others, and communicating his ideas to them, on such topics as a marketing orientation, development of strategy, etc.. He noted that the organization was "ready for change" and quite willing to do so. Perhaps because of the organization's readiness to change, the "persuasion" period, as defined by Jacobs, was not as time-consuming as otherwise might have been. Perhaps the next most significant act of leadership in which Fisher may have had to persuade attitudes and beliefs of his subordinates was the decision to enter the office of the Future market. This represented development of new product areas as opposed to previous decisions which were predominantly to exploit new markets with existing products. An interesting "test" of a "threshold" where leadership becomes authority or power (as in Jacob's definition) due to the constraints of time and/or organizational pressure might be to compare the behavior of Fisher when he initially introduced the marketing orientation and the appropriate changes, with his decision to enter the Office of the Future market. This kind of comparison brings to mind an empirical question. One wonders whether leadership, as defined by Jacobs, can consistently prevail in an organization, or whether, due to constraints imposed by formal organizations, and due to the fact that they are organized around the attainment of goals, leadership must occasionally yield to use of authority and/or power. To determine whether "leadership" was able to prevail rather than "authority" or "power" in Fisher's Office

of the Future. decision, we might revert back to Hollander's test of effectiveness of leadership. That is, we can look at the degree of acceptance of this influence of Fisher's. It appears, from discussions with executives, that this was seen as a maturation of the same marketing drive that Fisher injected into the company when he first came. Thus, it appears that Ken Fisher's leadership has been perceived as consistent throughout. Because the hypothetical "threshold" which one would pass over into use of authority and power was not crossed, we cannot determine the sequence of events that occur from this example. Critical in observing an example of this would be, however, to determine whether the leader consciously or unconsciously changed his mode of communication, two way to one way for instance, or whether he or she changed the basis of influence attempt first. The former case might indicate a shift in the leadership relationship (with subordinates and situation) and might warrant an organizational remedy to help maintain leadership. The latter might indicate a shift in the orientation of the leader himself or herself, warranting a change in leadership behavior. Threats to self-esteem, or perhaps "lack of time" might be reasons for behavior based solely on position power.

Fisher's influence as a leader can more simply be addressed by using Hemphill's distinction between "attempted leadership" and the "leadership act". He simply states that "attempted leadership" is any initiation of new structure; the "leadership act" occurs when that initiation is accepted.

He described "maintenance" of leadership as being affected by the

working relationships affected by the assertions of power. The degree of initiation by a leader is significantly raised or lowered by the acceptance that a person is led to believe he has. Fisher appeared to have widespread support upon his arrival at Prime--both from the Board and his executive team (although some came with Fisher). He initiated a new marketing focus; a buildup of the sales force and distribution channels; a commitment to profits; internal funding of growth; and a policy of "controlled growth" by limiting the number of hires in the late 70's to insure quality of personnel; among other things. Specifically, he focused markets on end users rather than OEM, but then came back to OEM for about 15% of sales, began working with software houses; then, started directing resources to the Office of the Future market. More recently, he initiated a continued commitment to the functional structure, and he also initiated an effort to look at possible new venture opportunities that might be attractive to Prime to include under their corporate umbrellas. Historically, it appears that Fisher may have initiated more when he first came rather than later. There may be several reasons to explain this, however, one simply being that there is less to change now, especially if existing plans are going smoothly.

Hollander points out that once having achieved status of high influence, a leader must not fit past expectations, but new ones, which arise as the situation inevitably is altered. Fisher's statement that the "needs of the company are different now" speak to the definition of a leader being able to be aware of and adapt to new situations.

Fisher's choice to position himself as a "conceptual" leader in the company and industry enables him to act in a responsive and receptive mode to innovative ideas, and frees him to envision future events.

Fisher has a commitment to anticipating future market and company needs. He is also refined in approach in terms of learning from the experience of other similar young high-technology firms, as shown by his conscious decision to control growth. Although praised as "managing growth", it is possible that this may have been viewed by some as a retreat from initiative (if they expected initiative with unlimited growth, for example), simply because it was a change from the aggressive growth of earlier years. However, this change was a conscious one, on the part of Ken Fisher, to insure that a high level of quality remained in personnel.

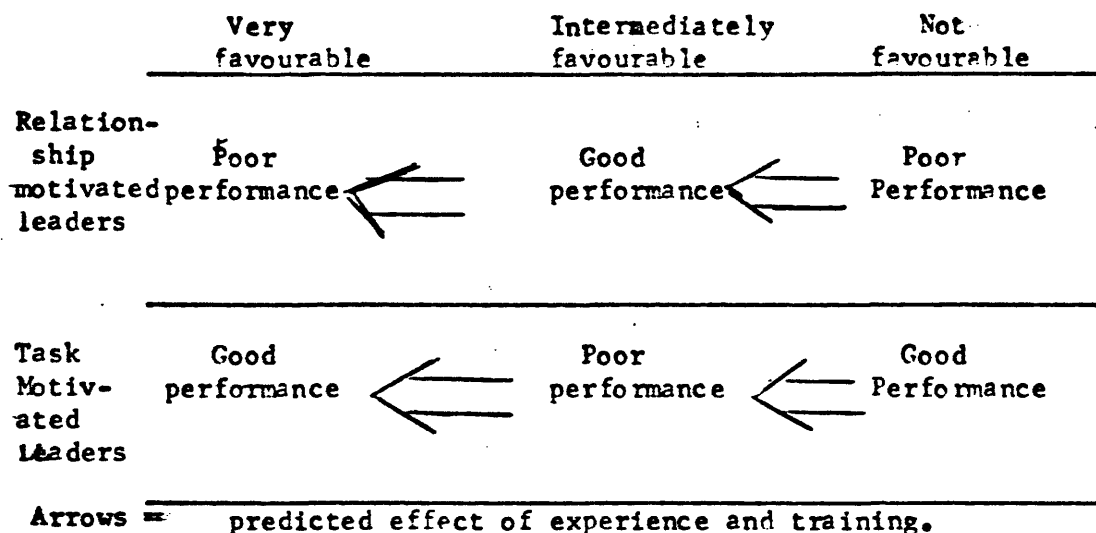
A question that emerges from discussion of the ability of a leader to attain leadership status, to maintain it, and to preserve a flexibility to adapt to new and changing demands, is the following. How important is leadership experience and/or training in determining the effectiveness of that leader? This is a particularly relevant issue for this case, as Fisher may be thought of as the trained and experienced professional manager/leader; the former CEO, on the other hand, may be thought of as an engineer/entrepreneur, a leader in R&D. This is an interesting point also from the perspective that still relatively few emerging high-technology corporations have anyone but an engineer in the CEO's position. Indeed, implicit in the postulations of McGregor, Fiedler and Argyris that leadership is a situational phenomenon is the assumption that effective leadership depends on the situation. Thus, the experienced

leader will have had more dealings with a variety of situations, which one would assume would make that leader more effective in any given situation. Fiedler and Woka⁵² (1975) point out, however, that no reported research related leadership experience to organizational performance. Schen and Benis⁵³ point out that leadership training does bring about some changes in behavior.

The question arises, then, as brought up by House⁵⁴ and Underwood⁵⁵ and others...why does training or experience fail to result in better performance? It is useful to look briefly at Fiedler's Contingency Model⁵⁶ to understand Fiedler's answer to this question. It postulates that the group's performance is contingent upon two interacting variables. These are (a) the degree to which the leader is basically motivated to relate to members of his group or to achieve task success, and (b) the degree to which the leadership situation is favorable, i.e., to which it enables the leader to exert power and influence. Only in favorable situations will relationship-motivated leaders manifest behavior concerned with relating to group members while the task-motivated leaders will manifest behaviors concerned with the task. However, in very favorable situations in which the leader is accepted, in which he has position power, and in which the task is structured, he can 'afford' to seek secondary goals since his primary goals are essentially secured. The relationship-oriented leader seeks self-enhancement and prominence while the task-oriented leader looks for pleasant interpersonal relations.⁵⁷

Fiedler contends that the trained leader will have solutions

Favourableness of the Situation



Hypothesized Effect of Leader Experience and Training as Improving the Favorableness of the Situation.

for many situations which arise. The task will be more structured and the leader will have more 'expert power'. However, the Contingency Model predicts that improving the leader's situational favorableness will have mixed consequences on his performance. Training will improve the task structure and the leader-member relations. This improvement will result in the leader finding himself in a new situation which is 'right' for some and not necessarily 'right' for the leadership style of others. Thus, he contends performance will also vary.⁵⁸

Fiedler concludes that increased training is detrimental for certain types of leaders, as the model shows above.

This helps to explain the feelings that leadership training and experience does not result in across-the board improvement in leaders' performance.⁵⁹ In effect previous leadership experience and training have failed to produce the desired results because the positive and negative effects cancelled each other out.

Applying the chart to the case at Prime, we first note that for a given situation, if the situation implies good performance for the relationship-oriented leader, it implies poor performance for the task-oriented leader, and vice-versa. We might think of the situation at Prime before 1975 as unfavorable, since losses were accumulating rapidly. However, it is difficult to determine the causal elements and those of effect of those causes. Because of the entrepreneur/engineering orientation of the former CEO, he might be categorized as more task-motivated rather than relationship-motivated. The opposite would be true for Fisher. In this view, we might see the situation pre-1975 at Prime to be intermediately favorable, since this is where Fisher would show "good performance" and the former CEO "poor performance". An accepted leader, structured task, and high position power of the leader represent a very favorable situation; the opposite-not favorable. Since the task at hand at Prime might have been considered unstructured, (with accepted leader and high-position power) again, we find this combination of variables in the intermediately favorable situation. This method of presentation of variables, then, precludes any manipulation of the

environment that may be the result of the leader, but isolates the variables prior to their influence, and then, predicts the nature of their influence. The deeper issue in this is the question that asks--does good performance move one towards a more favorable situation? Does a leader move him or herself by good performance into a situation in which they themselves are less able to perform well? Or does the leader perpetuate his or her position by shaping the environment so that his or her performance stays good relative to the environment, although constraining the environment from becoming even more favorable.

This brings up the issue of time span in terms of looking at leadership effectiveness, and also, the situational aspects of leadership (again). One can ask which is better for the organization, better leadership performance, or more favorable situation (higher task structure, more accepted leader, higher position power). Gils' concept of behavioral strategy being designed in a network of complex factors in the organization might predict that the leader will choose the best mix for the organization. Because this is a dynamic situation, this might even indicate that a particular leader makes a situation less favorable for his own performance, but that his behaviors help the company to progress. It is possible that this type of model partially explains natural evolution of leader succession in which a situational "fit" is determined by a major parameter--that of the prior situation.

Bavelas' definition of leadership would imply an interchangeability

of leadership personnel, but only on the assumption that each one would fulfill the same task requirements. Thus, in the case at Prime, the CEO under study is the second one for Prime, founded in 1972. Because these two leaders fulfilled very different task requirements, their degree of interchangeability is quite limited. But, Fisher might be considered interchangeable with any given number of persons who might likewise see it fit to fulfill the same categories of task requirements. This perspective would reduce the process and "phenomenon" aspects of leadership to a secondary consideration, and would elevate the importance of content of leadership, or leadership actions as demonstrated relative to tasks required.

Indeed the AMA (American Management Association) observes that most CEO's behave within a general set of predictable behaviors, all of which involve either planning, leading, or monitoring. To plan, he must decide what to do. This is setting strategy for the company and his role. To lead, he must get things done through others. To monitor, he senses and evaluates that which relates to both planning and leading, inside and outside the firm. A CEO might be considered interchangeable to the degree that someone else would behave such as to fulfill these duties. A CEO might be considered effective to the degree that his influence is accepted. Finally, a CEO might be considered successful if certain company objectives such as sales, profit, growth, etc., are met.

To attain the level of successful leadership status as a CEO, for instance, one must initially be aware of the needs/task requirements of the position; one must be able to convince others that he or she is

capable of doing so; and one must demonstrate skill in filling these requirements. Thus, there can be seen distinct elements of the leadership role that is evident through a kind of sequential emergence, that of awareness, influence and skill. These elements can be identified as (1) a cognitive process (2) a conscious-manipulative process, and (3) a demonstrative process (which may be through others). Fisher perceived the problems at Prime, as explained both by himself and his executives, "before he came." He spent "a great deal of time and effort" convincing others of his ideas; Hollander's concept of an opportunity for visibility. Finally, he demonstrated his skill through the actions he and others by his delegation and/or direction performed.

Finally, Fisher's practices as CEO of Prime appear to fit in with general practices of many CEO's as described by AMA studies of them. They point out that general practices of CEO's are to delegate "recurring tasks", follow a policy of noninterference in functional areas, counsel subordinates, but not to make their decisions. Unique tasks performed by the CEO are also setting the philosophy, objectives and strategic plans of the company. Fisher's description of the former CEO approaching his job as a "project leader" (i.e., as a result of his involvement in the tasks implicit in a start-up company) might simply indicate he did not possess the desire and/or awareness to assume the different tasks of the CEO relative to a project leader, both preceding influence and skill.

STRATEGY FORMATION, GOAL SETTING AND DECISION-MAKING

There is little doubt that Fisher communicates strategy and goals very much in the way that Quinn describes. Executives described his actions as defining broad objectives, and then responding to ideas that "bubble up" as a result. He is said to try to "accelerate" this process through encouragement and receptivity; he is obviously more receptive to the ideas that make most sense to him.

Clearly it can be seen that the few goals Fisher does announce as specific rather than as broad objectives are intended to either build consensus, be broad enough to allow flexibility and opportunism, and to be sufficiently distant in time so that several possible options could ensure their achievement.

For instance, while a broad objective/purpose of the company is to "make money for the shareholders", Fisher's announced goal is that the company will be a billion dollar company by the 1990's. Quinn states that in setting organization goals, while they must be general enough to gain widespread support, they must clearly delineate what distinguishes the "us" from "them".

Whether for motivational or just for competitive marketing reasons, Prime differentiates itself on issues like unmatched service and distribution capabilities and in the office automation area, a unique approach tailored to executives rather than secretaries. This is one of the more recent focuses of the company to not only be market driven, but to be responsive to the "front end" of the market in particular, the innovators and early adapters, as commonly identified in product "adoption" curves.

While Fisher does set broad objectives, it is also obvious that he employs Quinn's "logical incrementation" in that he responds to well-thought out ideas and proposals of others. Because interpretation of these objectives will again be the job of the functional leaders, for instance, Fisher's consistent stance as the conceptual leader who responds to well-documented ideas makes it more likely that the proposers will identify and follow through with their propositions. This is the flexibility that Prime is trying to develop in responding also to new opportunities, as one executive emphasized. He referred to the fact that this was recently being considered at several levels in the organization, so, if a particular person might see an opportunity for Prime to join in a new venture of some sort, that person would be identified with and expected to follow their proposal through contribution to goal setting and perhaps through to implementation.

It is unclear that Prime has a broad goal that creates identity and "eian" that Quinn refers to finding in several companies. "To make money for the shareholders" is not likely to be considered a "transcendent" goal that is to become the basis of a movement or a cause, or one in which articulation of it will induce a moral rightness of the goal. It is possible, though, that this is characteristic of young companies; an implicit "transcendent" goal is that of "free enterprise", and effort to achieve recognition based on value of contribution. The articulation of Prime's goals does appear to be becoming more refined as the

company grows. Its executives talk of its having "the best" sales and distribution teams; its Office Automation products are "like no other", and offer an "integrated approach". Prime's unique approach to Office Automation, tackling executive productivity rather than clerical, was an example of what Quinn describes as the challenge that effective goal-setting can accomplish during a time of "major change from the past." To be effective, Quinn states they must build on accepted values in the organization. Thus, while Prime had been turning around to become market-oriented, goals were still set, based on accepted values in the company, namely, aggressive and innovative engineering. Fisher explained, for instance, how the Office Automation system was a "natural extension of the company's product evolution". He spoke of the difference between Prime's integrated system, and other companies' partial solutions. "Other vendors in this market began by first developing word processing and electronic mail software, but have only extended that product with limited data storage and retrieval capabilities," he was quoted in an April 1980 "Computer Systems News". "Prime has built its success on the difficult parts: mainframe level data processing, networking, communications, and data base capabilities. Adding word processing and electronic mail functioning was much less difficult," Fisher was also quoted.⁶⁰ In some sense, Fisher is able to utilize his press and publicity to serve an important purpose for the company.

Shils pointed out that opportunity to articulate a transcendent goal is one of the situational requirements for a person to have charismatic effects. Fisher's identification of Prime as an innovative and aggressive leader in this market is a way to provide meaning and generate excitement for a "shared vision of what could be" as described by Berlew. Such a common vision reflects goals in a future state of affairs that is valued by the organization's members, and thus important for them to bring about. As mentioned, the expression of a future state of affairs for Prime usually focuses on a revenue objective, although Prime is identifying its mission as providing an "integrated approach", etc., which connote values of anticipation of human needs in the future, quality work and thoughtful work. The transcendent goal, then, might be thought of as "anticipating human needs in communication in the future."

Quinn also points out that in addition to building consensus around a broad goal, a top executive can make selected goals explicit at the proper moment, to create a challenge or to crystallize a defined thrust. At the time when Fisher was building the marketing organization up from the ground, he made explicit the goal that Prime would address the end user markets instead of the OEM's. By so doing, he was able to provide a young and growing sales and distribution force with a sharp, new focus.

The type of decision-making that Beckard advocates, that in which decisions are made by and near the sources of information, regardless of where these sources are located, appears to be

integral to Fisher's leadership style. Executives within functional groups explained how their own leaderships were affected by Ken Fisher's style of decision-making. They said they, too, tended to delegate more and to push decision-making down as close as possible to the level of implementation. One executive asserted that he had control, but it was now through others that he had this control. He maintained that in assuming his leadership position as a functional leader, he had to be willing to give up absolute decision-making, as one might expect is possible for an entrepreneur or a project manager. A corporate leader must be willing to orchestrate decisions through others. He maintained that this was possible for him to implement because of the latitude in interpretation of objectives and decision-making that Fisher enabled him to have.

Fisher maintains that functional decisions should be made within the functional groups, decisions that cross functional areas should involve more functional groups. This is the kind of decision he said he is more apt to be involved in, and obviously so, if the matter is of corporate-wide significance. Corporate Development was set up by Fisher, one of whose objectives was to facilitate and help to integrate cross-functional decision-making if an integrator role was needed. Galbraith⁶¹ might refer to this intervention as a "creation of lateral relations." While somewhat short of establishment of a "matrix" form, this may be thought of as the creation of a liaison role or of an integrating role. Galbraith's listing of them in sequence, determined by

increasing ability to handle information and cost to the organization,
is useful to examine here.

1. Direct contact between managers
2. Creation of liaison role
3. Creation of task forces
4. Use of teams
5. Creation of integrating role
6. Change to managerial linking role
7. Establishment of the matrix form

Fisher is committed to a functional orientation, which, according to organization theories of Galbraith and Lawrence and Lorsch,⁶² is appropriate considering the fact that there are not numerous extremely diverse products. Galbraith explains that the use of lateral relations permits the organization to make more decisions and process more information without overloading hierarchical communication channels. While differentiation (as described by Lawrence and Lorsch to be "...the difference in cognitive and emotional orientation among managers in different functional departments.") is associated with effective subtask performance, Galbraith contends that it is also associated with difficulty in establishing collaboration between differentiated departments. Thus, the need for the integrator role, not to make the best decision, but to see that the best decision gets made.

Fisher's decision-making style closely resembles that advocated by Beckhard, Galbraith, Lawrence and Lorsch, and his strategy-formulation methods closely resembles that of Quinn's "logical incrementation", given the stage in corporate growth and size of Prime.

ANALYSIS OF A CORPORATE TRANSITION: FROM A TECHNICAL ORIENTATION
TO A MARKET ORIENTATION

Fisher appears to fit the model that Hollander describes in speaking about one form of emergent leadership. For a change to be instigated, Hollander asserts that there must be a comparison between things as they are and things as they might be. He implies that one way this can happen is through interjection of an appropriate outside influence. This is the same process that Menzel and Katz refer to as when "the leader is found to be a person who provides an interpretation of the world outside to the immediate group."

It might also seem to follow, then, that a very appropriate time for an organization to change would be exactly when a new leader is "imposed"; using Hollander's terminology, since there is a change implicit with the introduction of a new leader. Menzel and Katz describe this process as one in which the new leader can convey structure in terms of a "social reality" and can encourage an acceptance of innovation. It is interesting to note that while Fisher represented this new leader from the outside world, the associated willingness to undertake change was no doubt aided by the fact that some of the top executives were also from the same "outside world" as far as Prime was concerned; i.e., some came from Honeywell as did Fisher. In view of the partially inherent willingness and readiness to change, accentuated by the fact that some key people were just beginning at Prime and therefore

would not be particularly threatened by a change, the transition period at Prime was possibly more of an evolution itself, rather than a revolution.

It is helpful to try to understand the dynamics of this change period, however, which Beckhard clearly defines. He primarily points out that one of the key conditions that must be true for real organizational change to take place is that there must be a real dissatisfaction with the status quo-high enough so that energy can be mobilized toward some change. Clearly, this energy was evident at Prime before Fisher came, as it mobilized the Board to search for a new leader--a marketing-oriented one. This energy, though, might be thought of as having been focused on the search for a new leader rather than the potentially more difficult task of changing the internal values and organizational goals. Here we can address the issue of the "domino effect" identified by Beckhard as occurring in a change process, once the initial steps in managing that change are recognized.

For instance, part of the successful change process can be seen to be attributable to the Board's recognition of a need for the leader to manage the change. Because this key step was identified, internal development of the goals and strategies might have been easier than if not.

Referring back to Beckhard's theory, it is clear that the leader, in this case, had a clear picture of a desired state which could be worth mobilizing a change toward. Fisher's

desired state" may have been considered his vision of Prime reaching the billion dollar mark in sales by 1990. It also may be considered the general excellent quality and servicing.

Regarding the leader's having a picture of some practical first step, Fisher spoke of refining the way people developed strategy, and said he tried to get people to ask the "what" question rather than just the "how" question. This intervention enabled them to see that they were not fully exploiting the opportunities of the marketplace; as the "what" they were doing had not been examined from a strategic point of view. As a result, the company shifted focus from the OEM market to the end users, a major shift which began a series of "domino effect" (i.e., the company became "market-oriented" rather than technologically or even product driven; people began to be rewarded to "think strategically").

Thus, it is easy to see that the three basic requirements for a change to occur (such that the economic and emotional "cost" was not too high), were present in the Prime transition. Since Beckhard describes these requirements as being essential for a consultant's facilitation of change, it would be implied that their presence in a transition-stage company would be even more of a vehicle for change for a new leader.

This is perhaps one of the more basic issues to explore in terms of the successful transition that took place at Prime,

that is, the issue of a new leader, as part of a transition period for the company.

According to Teulings and Otter's model of leadership succession and recruitment, Fisher might be considered the "outsider". One of the three hypotheses they found to be true was that the lower the level of organizational performance, the higher the chance of recruitment for "outsiders" and "strong men" as successors. This is explained by Teulings and Otter to be due to a positive incentive to look outward for what was not found inside the organization; a kind of "savior" search. This explanation fits the Prime case well. Their results also lend insight into the transition at Prime in a slightly less direct, but primarily meaningful way. Perhaps because organizations that have strong integrative systems (indicated by a proliferation of rules and regulations and hierarchization) are more vulnerable to the disruptive consequences of a change in leadership, it would be implied that a more loosely integrated organization would be less vulnerable, and there would be fewer requirements for co-ordinative action by the leader. Another result that proved that the higher the level of organizational performance, the higher the chances of interpersonal tension coupled with the succession process could be applied to the Prime case in the reverse. Because Prime was not successful prior to Fisher, the chances of interpersonal tension were lower. One noticeable factor in the change-in-leadership process at Prime was that there was a supportive executive group. While a few of these came directly from Honeywell as former associates of Fisher, two of

original founders stayed at Prime, and were quite supportive of him. One key executive did leave Prime to start yet another company; he did not want to make the changes that the other executives saw so integral in shifting from an entrepreneurial organization to a formal corporation. Thus, it was interesting to see that potential conflicts in terms of company style and direction were perhaps obviated simply by Fisher's arrival. That is, those that were willing to assume the style of leadership required in a formal organization stayed at Prime, since this was the direction that Fisher decided to move the company towards. While not emerging as an extremely bureaucratic leader, Fisher seemed to inject a professional and corporate, yet simple structure on the company. It was no longer a "start-up". Thus, it is an interesting proposition that a new leader may make the natural evolution from a start-up phase to the emerging corporation phase easier. It would seem to clarify the change process in that many of the changes, while naturally evolving, could still be attributed to the influence of the new leader. Thus, those in the company in transition are perhaps more able to make a conscious decision as to whether they want to adapt to the change. Without the new leader, the organization itself is more likely to be perceived as the sole "cause" of change, thereby making it more confusing to differentiate between the "new" and "old" organization for the person immersed in it. In any case, the researchers assert that the organization conditions prior to the change in leadership have a greater impact on the course of events than the selective recruitment itself. In the

case of Prime, then, this could be interpreted to suggest that the unsuccessful condition of the company predisposed the results of the introduction of any leader (perhaps within a reasonable range) to be successful, although perhaps to varying degrees. However, this argument only has limited significance since "impact" can be both favorable and unfavorable (i.e., while pre-change conditions as identified in this model may be seen to influence the results of a change in leadership, this influence or impact is not necessarily favorable.) On the other hand, the presence of the variables associated with the leader (i.e., marketing background, leadership experience, etc.) may be thought of as more indicative of a favorable outcome. Thus, an objective in planning a change in leadership would be not only to be aware of the most influential factors, but also, the most favorable influential factors. This would enable that a discerning look could be taken to identify what elements (organizational or those associated with the new leader) might be manipulated to achieve the optimal "synergy" between the two.

Teulings and Otter, indeed, found that the "outsider" and "strong man" are effective change agents, but that their role is limited. The claim that they introduce change only where the previous situation was such as to make a change very likely (i.e., low bureaucratization to high bureaucratization) can be directly applied to Prime. Prime had a product whose functionality and whose markets were not being fully exploited; it had a technological orientation at a time when companies and particularly, high-tech companies,

were realizing the value of a customer-oriented philosophy; and it was small, unprofitable and lacked strategic focus. Again, we recall the interview data in which various executives supported the fact that many other leaders would have assumed similar actions as Fisher. They all strongly contended, however, that Fisher's unique contributions of a very aggressive marketing drive coupled with a commitment to profits, as well as his ability to manage people such as to encourage their own development, were what made Prime as successful as it is now. Thus, these executives would tend to disagree with the findings of Teulings and Otter that the succession itself is probably of more consequence than who succeeds, particularly if some measure could be included to attribute the results of "unique" contributions to the leader, and those of some "expected average" to the succession process. Industry spokesman talked of his unique contributions as being financial control and controlled growth. No doubt, the phenomenon they identified as anticipatory reorganization is somewhat complicated in that not all of those that adjusted to the new successor were in the company. Several came from former associates with Fisher; hundreds were hired in short periods of time (grew from 100 in 1975 to over 2,500 in 1980). While the conditions of this case are unique, research that addressed the issues of Teulings and Otter more specifically to very young corporations might explain more of the influence of particular situational variables.

In looking at the specific nature of the direction of organization change, we can see that Ryan's assertions of the role of the CED in a marketing-oriented company hold true for Fisher. While

one executive said that Fisher makes a point not to become any more involved in the marketing functional area than he does in the others, he is able to assume the stance of marketing leader for the company in that he makes sure all planning is marketing oriented, and that all ideas are relevant to market needs. In no way is Fisher seen to only partially fulfill this role; his charge of the market strategy, build-up of the marketing force, and his philosophical and conceptual focus on marketing give evidence to his assumption that his marketing leadership is integral to his being CEO.

Finally, in addressing the consistency and compensatory models as suggested by Evans and Kerr, the leadership contingency model at Prime might be seen to be that of a compensatory model, where the functional groups have a healthy interaction, each one differentiated by its functional orientation. Kerr found that a compensatory framework was more appropriate in a less complex, hierarchical design, as Prime could be considered. One leadership style is thought to compensate for a deficiency in another; and different leadership styles are thought to be appropriate at different hierarchical levels. At Prime, this is displayed by the increasing degree of a conceptual leadership orientation, a leading by direction, as one goes up the organization chart. Thus, while the leadership styles are seen to be somewhat consistent within levels, they are more complementary across levels. Supportive of what is found at Prime, also, then; are the findings of Lawrence and Lorsch,

which state that similar leadership styles are only effective in very complex organization designs. To refine the analysis of the congruence-issue at Prime, use of the Ohio State scales differentiates between leadership style congruence and leadership congruence, or, rather, the process and reward components. The process component at Prime, then, may be seen to include varying degrees of participative and directive, although the majority of leadership style tends to be participative. The reward component, on the other hand, appears to be more consistent. At Prime, the consistent reward seems to be through increasing responsibility and the less direct reward of stock options.

Research has brought out conflicting conclusions in terms of consequence-effectiveness tests; Healey and Fiedler feel that hierarchical incongruence was more favorable to leadership effectiveness than hierarchical congruence; Osborn and Hunt found the opposite. Interestingly enough, examination of the Prime case will make us tend to find the results of Healey and Fiedler and Kern. We see that as Prime becomes slightly more complex, the need to integrate leadership behavior of different leaders becomes more necessary. Thus, while a variety of leadership styles has been effective during Prime's simple functional organizational structure, the need for leadership consistency has become more necessary as the organization grows more complex, although it is no doubt doing so gradually.

SUMMARY AND CONCLUSIONS

A change in leadership was one of the major elements of a transition period at Prime Computer. Some of the major goals that Fisher achieved, using terminology of Beckhard's research on organization change, are the following:

1. Change the organization culture
(entrepreneurially-oriented to professionally managed; technologically driven to market-driven)
2. Changing the managerial strategy
(project-management to leadership by direction; entrepreneurs to executive teams)
3. Changing the way work is done
(redistribute the work so that decisions are made at the lowest possible levels)

Thus, we can see that Fisher, as a leader of Prime, assumed the role of a change agent to some extent, as his actions are those identified by Beckhard as such. We can find support for his assuming a major role in the marketing planning at Prime in the literature: we can also find support for his objectives of maintaining a functional orientation, while introducing an integrator role; and for his attempts to "hire to complement". His method of devising strategy is supported in Quinn's "logical incrementalism", as well as in other research. The perceptions of both Fisher and his executives appear to be that while the "situational" explanation (i.e., relating to functions performed) of leadership is realistic, it is not sufficient. Even less sufficient is a simple leader-attribution theory.

As recognized by Galbraith in an excerpt at the beginning of this paper, little of the variance of a behavior or attitude in leadership has been explained by the research.

The perceptions and statements elicited from Fisher and his executives do seem to favor some theories more so than others. They would probably ascribe most to Hollander's concept of emergent leadership and Jacob's use of social exchange theory.

Implicit, but not directly addressed in these theories, are some issues that deserve more research focus. They appear to be very subtle but important behaviors of a leader that Fisher and his executives seem to assume. They are:

- .Awareness that leadership is a distinct role one can consciously assume.
- .Desire to be a leader is important.
- .Desire to maintain leadership is important.
- .Follower-perception that one is a leader is important.
- .Some degree of "consistency" can be detected by followers. This may be considered "style".

These are all characteristics of Ken Fisher that the executives expressed they saw. While they are not attributes per se, they are not very obvious behaviors, but rather subtle ones. They address leadership in a cognitive, emotional and rational way (awareness of being a leader; desire to be a leader; ability to maintain leadership). The detection of consistency also can be thought of to loosely refer to time-span, a consideration that this paper addressed previously. A leader is defined by the time-span he or she is able

to maintain a consistent approach. This is not meant to imply that a leader could not modify his or her style when needed. Our review of the literature in fact told us otherwise. What it does mean is that the core of the leader, perhaps being composed of awareness, desire and ability to be a leader, must continually be perceived by the followers. In this sense, these hypotheses approach Hollander's emergent theory of leadership, where more importance is placed on the followers than the situation. The Social Exchange Theory also speaks to the process that occurs, that is, the exchange of rewards between leader and follower. Executives at Prime might also be seen to having most supported not only the process implied by Hollander's emergent theory of leadership, but also by the Social Exchange Theory. Executives exchange their ability to assume increasing responsibility with Fisher, who in return, is allowed by them to lead by direction, as they give their implicit agreement to follow.

The data in this case, therefore, most strongly supports these two theories.

Much research is still needed to be done, although there is a proliferation of leadership research and theory. There is little research on the causes of particular leadership behavior. Situational and attribute models do not appear to be sufficient. Fisher asserted that when asked if he shaped the situation to him, so that he might be able to lead, or whether he shaped himself to the situation, he answered the former. "That's what you do", he said simply,

referring to "how" one leads. This data would suggest that the leader is, in fact, much more the focal point of the leadership phenomena than current literature suggests. Again, this does not suggest a simple trait theory; nor does it minimize the importance of situational models; it does, however, suggest that little is known about the process that occurs within the leader himself or herself, that which is also perceived by followers. As just stated, these processes are seen to be conscious efforts on the part of the leader. A leader must be aware of their role and the phenomenon of leadership as being real; they must desire it; they must know how to execute it; they must be perceived as such (i.e., possessing consistency). In some sense, not only do the two theories mentioned most closely address this phenomenon as an active, conscious process, in some respect, what has been identified as "charisma" in the literature may also be seen to be important. Yet, a new look must be taken at charisma. It must also be addressed in the literature as an active, conscious process on the part of the leader, a willing behavior. Such focus on the will of the person identified as leader may effect a shift in leadership research. This shift might very well be welcome; it is an often-heard complaint that even situational

models are not definitive in explaining leadership, as they can never explain every situation, or incorporate every variable. On the other hand, trait theories can never "explain" every person. The two theories identified and hypotheses of leadership suggested in this summary do speak about process, applicable in any situation where there is a leader and followers. No doubt leadership theorists were correct in rejecting the earlier day trait theories that were simplistic and of limited use; the trend towards a situational approach was much more realistic. What is being seen now, however, and supported by this case, is a general dissatisfaction with situational models also, because of their limited applicability in particular. This paper suggests and concludes that attention must again be focused on the leader, but not in the original "trait" type of approach. Rather, the conscious willingness to be a leader must be examined as a behavioral process.

Once this is done, other issues relating to leadership should fall out more naturally. For instance, the "whys" behind particular action might be more easily attributable to a perception of the fundamentally "correct" thing to do in a situation. Motivation, etc...will have already been addressed in the topic of the leader as a person who consciously assumes his or

her position. Thus, effective or non-effective leadership might be more easily studied; e.g., problems might be addressed to either a lack in the decision element of assuming leadership, or, in the action element of it. Such issues as setting strategy, decision-making, and management of change might also be more easily studied if situational elements can be considered factors in these tasks rather than causes of them. The empirical question of whether success in an organization might be due to a leader, a change in leadership, or to the situation, might be answered, despite the fact that it is virtually impossible to exactly duplicate a particular leadership situation. The process of leadership, then, as that of within the leader and perceived by followers, can be made distinct from results of leadership and situational factors of those results.

What was most evident, from this case study of Ken Fisher at Prime Computer, was the conscious decision, on his part, to assume the role of leader. What appears to be most missing in the literature on leadership is recognition of this as an integral if not the integral essence of the phenomenon of leadership. Finally, while it is conceivable to think that this conclusion could be arrived at from other case studies, this author recommends further case studies to validate this finding, in an effort to progress towards a definitive leadership theory.

Footnotes

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