STRATEGIES OF

ORGANIZATION DEVELOPMENT

IN THE

SECURITIES BROKERAGE INDUSTRY

by

WILLIAM ROBERT WAGNER

S.B., Massachusetts Institute of Technology
(1969)

SUBMITTED IN PARTIAL FULFILLMENT

OF THE REQUIREMENTS FOR THE

DEGREE OF MASTER OF

SCIENCE

at the

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May, 1974

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Abstract

This thesis has as its general goal the integration of the fields of organ-
ization development with the management of financial intermediaries, espe-
cially the securities brokerage firms. It is my belief that the trends in
O.D. are toward more use of multidisciplinary approaches, especially in
professional settings. This industry has changed rapidly in the past de-
cade, from a traditional one to a Professional one. It is my prediction
that if they have not yet changed their methods of management to adapt to
these changes, they will be forced to in the near future. The rate of
change in the securities business will not slow through the 70's.

To accomplish this general goal a case study approach is used. A full-ser-
vice brokerage firm with an internal O.D. unit is presented for study. As
for specific objectives, there were five:

      1. To identify some general business characteristics of the
         securities industry, particulary Wall Street, that may
         impact the O.D. practitioner.

      2. To identify specific managerial issues, concerns, and con-
         straints, via a case study, that will affect O.D. strategies.

      3. Using a case study approach identify how an internal O.D.
         unit has planned and implemented programs.

      4. To analyze the case in reference to strategies for O.D. and
         for the internal practitioner -- both successful and un-
         successful.

      5. To look at a modified approach to O.D. consulting in these
         institutions.

The approach utilized separates into four stages. One, the practitioners
were interviewed extensively about their practice and their strategies as

both O.D. practitioners in the industry and as internal consultants. Their viewpoint forms the base of the case presentation. Second, a group of managers from the firm were interviewed about their perceptions and involvement with the O.D. programs. Their data form the basis for the evaluation of the case. Third, the managers of personnel, where the O.D. group is located, were interviewed for their viewpoint of O.D. as a process and of O.D. as a function. Their data also was included in the evaluation. Finally, the data about the business, the practitioners, and the programs are contrasted against a normative framework developed for evaluation of the strategies for O.D. within the firm.

Results are categorized into two areas -- the application of O.D. to the securities firms, and the strategies for internal consulting in these firms. First, it is found that O.D. can be made relevent to these firms, if a task-oriented approach is taken. Specific strategies must be designed to deal with the special characteristics of the environment -- extreme time pressure, short time perspective, and the tight hierarchical and political structure of the firm. Second, an internal O.D. unit must devise specific, and perhaps extreme, strategies to gain access and support from as high a level as possible. Without it, programs have little chance of long term change success. Several characteristics are found to be important to internal consulting, such as image, informal contact, information accessability, and limited use of power.

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INTRODUCTION

Deficiencies are identified in certain management areas of organiza-
tions. Learning objectives for the paper are presented. A preview
of each chapter and of some general conclusions are discussed to
have some familiarity with the material before proceeding. Finally,
the organization structure of the firm being studied is presented
and discussed.

The Need For This Study

I have been asked why I should want to integrate the fields of Organi-

zation Development (O.D.) and the financial services. There are several

reasons. One, I see O.D. with a view towards the task orientation of man-

agement. Finance is separable into two areas -- that of finance as a tech-

nical function and that of finance as a process of business; I shall deal

primarily with the first. Third, there is a perceived need for behavioral

sciences application in the technical management areas. For example, engi-

neering functions have become trouble spots in recent years, especially in

the complex organizations of aerospace and other industries. This has come

about through neglect of the human resources aspects of management as well

as changing societal values. One can see the same phenomena occurring in

the computer system areas as well as the accounting/finance areas of organ-

izations. The general increase in knowledge has de-mystified these func-

tions leading to a decrease in status, and they have become subject to or-

dinary organizational problems and pressures. This creates new demands for

the people in these functions.

To carry this a step further, there is a growing need in the profes-

sional services, as they become less differentiated and more competitive

with one another, to find ways of managing this changing role in the eco-

.

nomic and social community. The financial services, specifically the Wall

Street firms, have developed highly specialized institutions that tradition-

ally have been tightly controlled by a few powerful men. The organizations

and their leaders became one, with the norms and values mirroring those of

the powerful few at the top. The development of professional people has

created a basic need for changing some of these values. Different manage-

ment techniques, styles, values, and structures are needed to survive and

prosper in this changing environment on Wall Street and in the business

community. The rapid growth in the 60's has created an additional problem

on which we will focus -- the clerical or "production" worker at the heart

of these institutions. No longer is this an insignificant part of the

business to be neglected by senior management.

Objectives and Methodology of the Research

The research and writing of this paper have been performed with many

objectives in mind for learning purposes. Accomplishment of these will be-

gin to fill a gap in the work and literature on O.D. The following list

describes some objectives.

- to obtain a "feel" for the issues of a practitioner -- his
  style, his surroundings

- to identify some general characteristics of the Wall Street
  environment

- to identify business and managerial issues and constraints for
  managers that might differentiate it from industrial concerns
  and impact on the process of O.D.

- to analyze the case study in search of successful and unsuccess-
  ful strategies and models

- to contrast possible strategies with those used in the case
  study

The reader may wish to keep these in mind to help focus conceptualization of the text.

Given these objectives, a summary background of the methodology involved is helpful. Preliminary discussions were held with the principal practitioners in the subject organization around the topic of how O.D. mixes with the financial people and specialties. Out of that came the plan to study their situation as a case example. A dual purpose would be served -- to provide learnings for the strategies and issues of O.D. within a financial institution and to provide a third party viewpoint and evaluation of their situation. Being located within the Personnel division, support was obtained from their management to procede. Extensive discussions were held with the practitioners from which a set of issues was determined as well as a list of the best people with which to talk in order to bring out a diverse set of viewpoints. From there arrangements were made to interview a total of 19 managers and supervisors who had either direct or indirect involvement with the O.D. group. The loop was then completed with some more detailed discussions with the key figures in O.D. and Personnel. The total research time covered four months.

A Preview

The structure separates important interdependent variables, hence a preview of the structure is necessary. Four distinct viewpoints or attitudes are presented herein and it is important not to confuse them: 1) unbiased, more descriptive, 2) the practitioners', 3) the organization's managers, and 4) my own. All are valid in their own context. It will become clear that my own values are oriented toward a client/task/environment-centered ap-

proach to O.D. Here then is a preview:

Chapter II gives an overview of Wall Street and in doing so identifies some general characteristics -- the aspects of regulation, public scrutiny, and competition. It then begins to look at certain business characteristics that have a significant impact on the environment, such as the intensity, the variability, and the timeliness. These are factors that influence the way people interact. Finally, it looks more closely at the people-- their recruitment and the impact that has on managerial style plus factors in the business that impact on style. A cursory look at motivations of the people who work in the firms tells us much about what the organization values, especially when we identify a dominant career path.

Chapter III relates the case of the O.D. effort in the firm from the beginnings as a skills training program to the present work being done with division managers in an objective/planning program. The chapter covers the history from four angles. It gives a basic professional history as one would find in any case study and it looks at one major program in more detail. Also covered is a look at the people in the O.D. group, their selection, development, and the way they work together. Since the group is internal to an organization that does not understand O.D. and has the tendency to summarily reject ideas, a close examination is made of the relationship with the Personnel department and the events leading to a firing and subsequent rehiring of the group.

Chapter IV examines the programs and O.D. practitioners from the organization's viewpoint. Data obtained from interviewing 19 managers in the organization is used. Most of them have been involved in the activities of the group but a few were peripheral to them. Immediately, four groupings

are seen with different perspectives -- upper level management, middle level, low level, and Personnel. The differences in viewpoint have a high impact on the approach of any O.D. program.

The objective of Chapter V is to identify some relevent criteria for evaluating the success of the program and the practitioners. The frameworks previously used in the literature are found to be incomplete individually, and a composite list of criteria is identified. The analysis is able to highlight some definite strengths and weaknesses as well as identifying environmental forces that may have been the cause.

Chapter VI draws from all the previous ones in looking at some of the basic findings that seem to have the greatest impact for anyone attempting organization development in similar institutions. These are the major business, managerial, and external factors. Additionally, crucial factors are looked upon for the internal O.D. practitioners. Some of these points may have relevance for any internal group.

The concluding chapter has some summary remarks and raises questions that should be considered for further work in this area. It also presents some ways that a person might deal with the information presented in the design of strategies.

The results of this work are many and varied. It is determined that many of the programs to date have had limited success, mostly diminishing with time. Two basic reasons are cited for this: 1) the lack of top management support, and 2) the power of the organizational climate and environment to negate interventions and structures that were somewhat foreign. The basic success has been gaining the credibility to work with upper management on the implementation of more recent objective-oriented management and

job enrichment.

Many characteristics are identified that impact on the O.D. practition-er in an institution such as this. Many group/team oriented interventions will be difficult to implement because of manager's reluctances due to their individual style and the time pressures. Long term programs must have short and medium term identifiable results due to the relatively short time per-spective of most management. Many findings related to the internal prac-titioner are discussed, specifically in relation to the stragegies necessary for acceptance by the organization.

The Organization -- Basic Structure

A few preliminary comments are needed about the organization -- the business, basic structure, and the major structure that will be dealt with in the following pages. This should result in a better understanding of all the data.

The firm used in this study is a securities brokerage firm. A broker-age firm is that which accomplishes the transfer of securities from seller to buyer. In the context of securities many vehicles are involved, mostly financial. A wide variety of securities exists -- common and preferred corporate stock, corporate and government (local, state, Federal, and for-eign) bonds, and some commodities. Two basic markets are served in the role of broker, retail and institutional. The retail brokerage might involve the transfer of 100 shares of GM common from the little old lady in Dubuque to a speculator in New York. Institutional brokerage usually involves large blocks of securities that the insurance companies, mutual funds, trust funds, or pension funds are buying and selling.

The brokerage activities primarily deal with securities that are traded
in the market place. A different function is performed for the issuance of
new securities, usually referred to as investment banking. Analytical and
design work is done for the corporate and government clients seeking new
funds. Many peripheral services related to these functions are performed
such as the financial analysis services, investment advisory services, se-
curities research services, etc. The picture is one of a balanced broker-
age firm, primarily in the retail brokerage business but also engaged in
diversified activities.

To accomplish the brokerage activities more than one office is neces-
sary. Therefore the organization has a central home office and many smaller
branch offices located throughout the country. The branch offices house
the salesmen or Registered Representatives and limited clerical and process-
ing activities. The home office contains all the centralized activities --
processing, computer services, mail, purchasing, personnel, and most re-
search and analytical activities.

The firm is organized along functional lines reflecting its strong cen-
tralization (Figure 1).

> Personnel - all traditional personnel activities; recruitment,
> training, compensation, benefits, administration,
> and O.D. (Figure 2)

> Operations - processing and record keeping for customer accounts

> Corporate Systems - data processing and computer systems

> General Services - a conglomerate of services such as mail, pur-
> chasing, protection, locations, etc.

> Professional functions - research, analysis, investment manage-
> ment, financial advisory services

> Sales - branch office system

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                    │                 │
                    │    CHAIRMAN      │
                    │                 │
                    └────────┬────────┘
                             │
                    ┌────────┴────────┐
                    │ EXECUTIVE LEVEL  │
                    │(President, Executive│
                    │ Vice Presidents) │
                    └────────┬────────┘
                             │
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  │         │ │ ations │ │ Systems │ │Services │ │    &        │
  │         │ │        │ │         │ │         │ │Professional │
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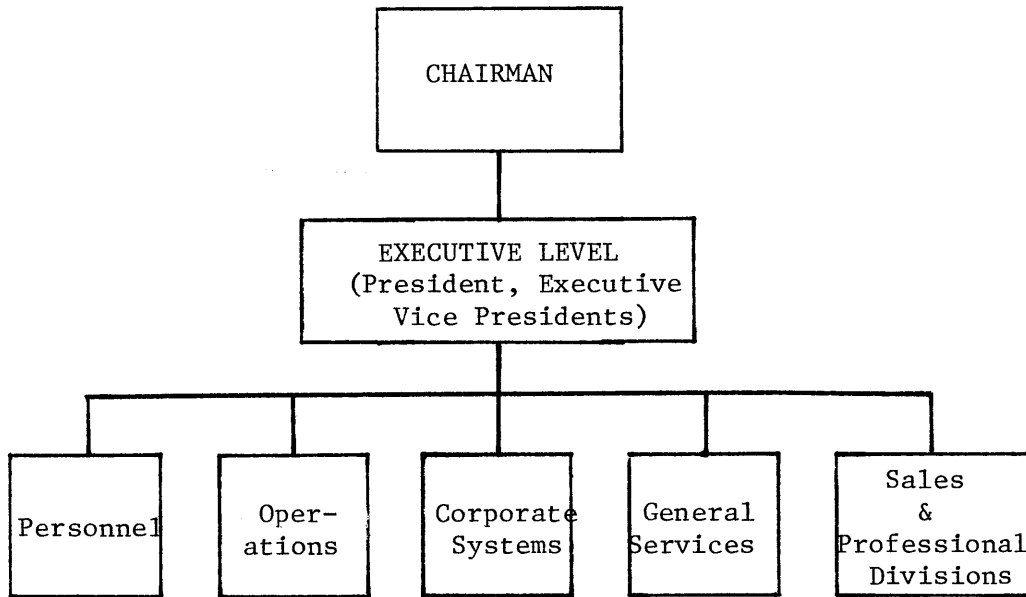
FIGURE 1: Organizational Structure of the Firm

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                    ┌─────────────────┐
                    │PERSONNEL        │
                    │  DIVISION       │
                    │   MANAGER       │
                    └────────┬────────┘
                             │
                    ┌────────┴────────┐
                    │Assistant        │
                    │ Division        │        ⎛Organization  ⎞
                    │  Manager        │        │Development   │
                    └────────┬────────┘        ⎝(not official)⎠
                             │
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  ┌────┴────┐ ┌──┴─────┐ ┌───┴─────┐           ┌────────┴──┐
  │Compen-  │ │Benefits│ │Manpower │           │ Training  │
  │sation   │ │        │ │Planning │           │           │
  │         │ │        │ │& Devel. │           │           │
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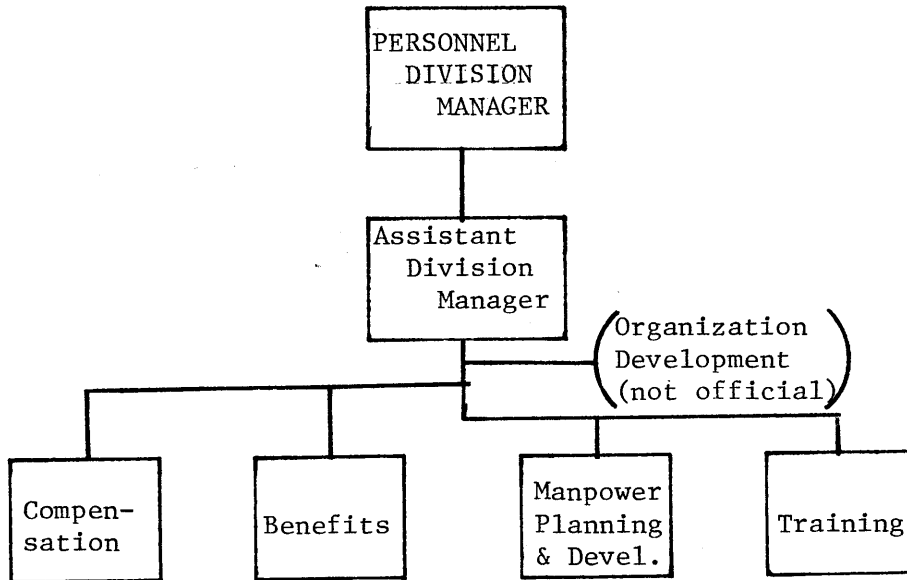
FIGURE 2: Personnel Division Structure

Each division is headed by a division manager who reports to the executive

level of the firm. The divisions tend to be organized along functional

lines with some notable exceptions, such as the cashiering area of operations.

Central to the issue of O.D. in any organization is its planning, both

short and long term. Typically the brokerage firms have not engaged in

such activity on a formal basis. Informally it might be done by the few at

the top who control the firm. This firm does have a formal planning group

but it has been accused of having little use except to analyze the plans

generated by the top executives. This will begin to explain many of the

difficulties discussed in the next chapter.

THE WALL STREET BROKERAGE FIRM: SOME NORMS AND ENVIRONMENTAL IMPACTS

This chapter explores the characteristics of the business environment
and the organizational climate. The assumption, of course, is that
these factors should have a strong impact on the design of a change
program. The chapter flows from the macro -- the business and eco-
nomic environment -- to the micro -- the people and their styles.
The implications of the conclusions will be explored in chapter VI.

For years, the public has viewed Wall Street with awe, fascination and

a variety of other impressions. What is Wall Street -- the firms that are

housed there and the people? More germane to this study is what are the ex-

ternal characteristics of the environment that have impact on the manage-

ment, the style of management, and the employees of the brokerage firms.

Is it Different and How?

At the outset of this study the hypothesis was that the environment,

the firms, and the people are different from the firms typically studied.

These differences would have basic impact on the practice of organization

development with these institutions.

To say that there may be some differences in the industry is to promote

the very same thoughts for brokerage houses as are criticized by Kikta[1] in

his consideration of management training programs for banks. Bank managers

proclaim that their operation is unique, but Kikta claims that it is not a

question of the banks being unique; it is usually just a matter of them be-

ing unaware of and/or inexperienced in the complexities of management, and

the training departments being inadequately staffed. Certainly there are

unique technical qualities in banking (brokerage, too?), but there is no

reason that uniqueness carries over to human behavior, too. I maintain,

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[1]Kikta, John M., "Is Bank Training Really Different?", Burroughs Clearing
House, Detroit, Mich., Vol 57, No. 5, February, 1973, pp 28.

though, it is just that technical uniqueness that needs to be considered
in the design of any program, be it management training or planned change.
This is especially so if those technical aspects have a strong impact on the
organizational culture and subsequent human socialization and behavioral
style to be found in the institutions. As McKee of Wells Fargo states, "Our
supervisors must be equipped to cope with a continually changing environ-
ment."[1]

Don Regan, the Chairman of the Board at Merrill Lynch states:

> Wall Street, perhaps more than any other business in Amer-
> ica, lives under a microscope. It is constantly scrutin-
> ized by the SEC, other regulatory bodies, the Congress,
> the press, and the public.[2]

The financial firms are regulated by both a government body, the Securities
Exchange Commission, and by its own agency, the NYSE. The scrutiny afforded
by these agencies places extra burden on the people. Not only does the man-
agement have to be aware of how the SEC will react to situations, but there
are also many rules and guidelines to be monitored and inquiries to investi-
gate.

Baruch (1971), Brooks (1973), Elias (1971), and Regan (1972) have much
to say about the poor quality of the regulation, blaming it for many of the
problems that resulted in the failings of 100-150 firms in the past four
years. A widely held opinion is that, the NYSE especially, has made claims
to the effect of praising its own self regulation, while in fact, little had
been done to safeguard the firms, the public, and the competitors. The reg-

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[1]"Bank Profitability: Operations Challenge", _Burroughs Clearing House_, De-
troit, Mich., Vol 57, No. 10, July, 1973, pg 60.

[2]Regan, Donald T., _A View from the Street_, The New American Library, New
York, N.Y., 1972, pg 105.

ulatory bodies proclaim the benefits of having competition, but yet in times of crisis (especially 1970) assess the competitors for losses due the public due to a failing firm.[1] Hence, a duality exists: the firms are in direct competition with one another, while at the same time, there is a fraternity of allies to turn to for "rescue".

Wall Streeters will tell of the necessity for maintaining this dichotomy for the benefit of the investor and because of public scrutiny. That the scrutiny exists is a fact of life. The demand for the financial press (the Wall Street Journal, Barrons, etc.) whose pages deal almost entirely with either the market effect on the economy or vice versa prove this point. Wall Street would appear to be a pillar of the economy or at the very least a measure of the present and predictor of the future. The public has large amounts of wealth invested in the market and there seems to be no end to the speculation, with special emphasis on risks and returns. From this public interest comes an interest on the part of Congress and at times the happenings instigate action in various legislative acts that may have impact on the market trends.

The preceding discussion only leads to a general understanding of how the firms on Wall Street are viewed. To understand the impact of the environment on change in the organization we must necessarily look at the firms themselves and ascertain an idea of their function. The Wall Street firms basically fall into two categories: the brokerage houses and the investment banking (underwriting) houses. Both function as financial intermediaries and are considered to be in the business of providing financial services;

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[1]There exists a fund controlled by the NYSE, funded by member firms, which has been used to partially cover customer losses in event of bankruptcy. Also, federally operated investor protection is funded by industry levy.

the difference is in the customer and the client.

The brokerage houses buy and sell financial securities and hence become concerned with the investors and their investment portfolios and the research to provide guidance and counselling on investment quality, risk, returns, and portfolio management. The underwriting houses function as a creator and distributor of new securities and hence, get involved with advice on financial planning and state of the market. Consequently, they have a great deal of power over those seeking funds, and preside as a judge over the allocation of funds to their corporate and government clients.

In their roles as intermediaries and providers of services it is clear that the brokerage firms, especially those with diverse activities in underwriting and selling, have a "conflict of interest" management problem. Complex organizational roles ensue causing confusion at the selling end. Does the broker function for the benefit of himself, the firm, or the client? The reward schemes for brokers are usually based upon commission which means that to maximize benefits to the firm and himself, he is motivated to create volume, perhaps to the adverse effect on the client. The financial press increasingly reports of legal cases on the churning of customer accounts.[1] The conflict of interest problem has been causing pressure for change. Merrill Lynch is now shifting emphasis toward the concept of financial products and may be heading toward developing a changing broker image.

In the operation of the firms, finance becomes a common language for everyone and there exists the development of technical expertise centered around various financial concepts and operations. The work and subsequent

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[1]Churning is a term used to imply that a customer's portfolio is traded often, not to the result of increasing wealth, but to increase commissions, probably decreasing wealth.

recognition for performance is oriented toward those with the technical ex-
pertise. Comments made during the research interviews alluded to this.
Managers in the subject firm talked of there being too many managers around
who were rewarded for their technical expertise with the implications that
those same managers may not be able to manage. My experience has shown that
technical experts tend to get more involved with the work process than with
the management tasks of planning, leading, and controlling the results and
the development of his subordinates.

What is Different from the Industrial Concerns?

Several of the more senior management commented that there basically
was nothing different in the management of these firms from that of manufac-
turing, but that difference seemed to be in the application of the concepts.
The difference might also appear to be in the timing. Regan (1972) states,
"The Street is at the heart of American Capitalism; yet it is retrograde in
its understanding and application of some of capitalism's most important
concepts." (p. 97) A division manager in the firm states that the industry
is inefficient, uneconomical, and poorly run; a thought shared by many in-
side and out of the industry.

An example is in the application of computerized and automated systems.
In comparison to most industries this one has been slow to adopt computer
systems. In the firm studied, effort has been expended to install computer
systems. Some of the employees came from a firm that failed in 1970. But
the acceptance is still not complete as shown by the fact that these people
are still referred to as though they work for the other firm. Perhaps one
reason for this slowness is the proliferation of small firms. This has been

changing to the point that there are now four or five firms that would be

considered large, but even the largest, Merrill Lynch, has only a 15% market

share. It is only these larger firms that could afford an elaborate compu-

ter system, as might be required for the many operations in the securities

transactions.

The characteristic that stands out is that these firms are extremely

labor intensive. As we discussed above, until very recently all operations

were done manually. Even with the installation of more automated facilities,

the high labor remains. In this firm the labor cost has been over 40% of

the total expenses. The point that's to be made here, though, is that in

addition to being labor intensive, it is individually intensive. By this, I

mean that (and it's because of the technical emphasis) individuals become

prominent in the press and in the client relationships. What this has meant

to the firm is that there is an emphasis on personal skills and personality.

Several managers made this comment and indicated that too many promotions

were based upon these personality issues.

With the labor intensity, one would think that firms would concentrate

on the personnel get-use-lose process. But Regan states (about 1970):

> But few firms until then had bothered with the development of
> proper practices of recruitment and training -- even though
> these basic policies were well established in American business.
> So at a time of excess [high business] Wall Street was plagued
> by a vital shortage of experienced people.

Seemingly this was not considered important. If there was any concentration

on the recruitment and training it was mostly for the brokers. Regan goes

on to talk about the results of this oversight being that the firms raided

one another. In 1970 when the processing operations were deluged with work,

bidding away the experienced people and at the same time pushing wages to

levels that management hadn't dreamed of doing. But that is a zero sum game, it is unlikely that any one firm benefitted by this practice. In view of these factors, it is not very likely efficiency aspects were ever considered. Baruch, Brooks, and Regan all comment on the inefficiencies that existed and were intensified by the rapid expansion of the late 60's.

As aspect of the industry in general is its competitiveness. As mentioned above the firms are small in comparison to the market. The proximity of all the firms only intensifies the competition. There is nothing tremendously astute here; but it's the form that the competition takes. A corporate executive commented concerning an equity financing that "we told them that they (three prominent investment banking firms, one of which is Morgan Stanley which often works alone only) would have to manage the deal together or not manage it at all. It's quite amusing how they are constantly bickering and playing one-upsmanship." This gives a partial idea, but an even stronger blast comes from a former President of the NYSE when he states:

> Bluntly stated, the securities industry, more than any other
> industry in America, engages in mazes of blatant gimmickry,
> all of which have been disclosed under oath at Commission rate
> hearings.

This begins to get at the crux of the matter. I would conclude that this more dysfunctional competition pervades the industry both internal to the firms, as well as among firms. It is not the type of healthy competition that promotes higher efficiency and progress, it is the more destructive, "screw-your-buddy" type that is more prevalent. There are a multitude of reasons behind this, among which are the individualism, high motivations, monetary reward emphasis, and the time perspective; all of which will be covered in more depth at a later point.

What about the business characteristics? There are some clear facts
here. The brokerage business is primarily dependent upon volume of shares
traded in the various exchanges for which they are members as well as the
over-the-counter markets. The volume variability is widely publicized. Fig-
ure 1 gives a few statistics that can help.

Year	Average daily volume (Millions of shares)
1965	6.176
1966	7.459
1967	10.094
1968	13.010
1969	11.380
1970	11.560
1971	15.400
1972	16.610
1973	14.890

Table I

Don Regan has devised his own simple rule that the peak volume on any
one day will be twice the average daily volume. He goes on to show this:
in 1971 the average was 15.4 million shares while the peak was 31.7 million
shares traded. It should also be noted that this 31.7 million shares repre-
sented 68,400 individual transactions. The most compelling factor about
this is that any one firm has no control over this volume, or rather they
choose to have no control. It would be difficult to tell a broker who is on
commission that enough has been sold today so he should stop, in considera-
tion of the processing functions who may be inadequately staffed for more
volume.

Not to be discounted is the wealth aspect. Anyone who follows the mar-
ket, however intermittently, knows of the indexes. The Dow-Jones average,
supposedly a representative sample of blue chip stocks, fluctuates wildly.

For instance in 1969 the D-J averages hit a high of over 1,000. By 1970 it
attained a low of 622; then again in 1973 the high went over 1,000, but in
1974 the average floats in the 700-800 range. The relevence all this has is
that the market functions on its average and volume. Therefore, a firm's
morale, where everyone follows the averages, rides heavily on the state of
the market. The volume and to a certain extent the firm's wealth is heavily
determined by the averages. For instance in 1974 insecurities in the econ-
omy and depressed stock prices have caused volume to be at a low level.

A major factor related to this volume variability is the timing. An
SEC regulation requires that a stock trade be completed within five days,
not necessarily a major factor if the firm has the stock certificate. How-
ever, usually the certificate needs to be transferred between brokers or
clearing houses and the five days becomes a major restriction. With bonds
the schedule is tighter; most transactions must be completed the same day.
Operating efficiency and consequently the profit is strongly tied to the
successful completion of these transactions. A tremendous sense of immedi-
acy develops and carries over into all the work with the primary emphasis
going towards cutting the response time. When asked what, if anything, was
different about the brokerage business the typical manager's response denot-
ed things like the inability to control the volume coupled with an inabiity
to defer the business. One manager, in an unrelated discussion, talked of
his weekly profit estimate. This is just not typical of most business.
Typically a firm might monitor weekly or even daily sales or production, but
usually it is not carried to the determination of profits. It is as though
people consider so many things variable in the brokerage business that this
instant monitoring is necessary. Of course with a five day business cycle a

weekly profit analysis becomes more feasible. Not wanting to belabor these individual factors, the primary point to be made here is that there evolves two things from this type of business: 1) a time urgency and tremendous time binds and 2) an extremely short time perspective. People on Wall Street are not so concerned with events that will occur months or years in the future as much as what will happen some days in the future.

What are the effects of this? As one manager in the firm put it, "The lack of business predictibility means that no one is willing to give a long term time commitment." And it may mean that long term time commitments are difficult to conceptualize. One manager thought that the firm typically does not coordinate for long term projects and related an example where a technical system was given to one person to coordinate the whole affair. He was technically an expert, but had trouble working with others.

The following statements support the above and give insight as to how the resultant behavior is perceived.

> The time perspective is short and so is the work cycle. There-
> fore, there is always pressure to get things done fast. People
> run around acting crazy all over the place!

> The execution (of the trades) is fast and because the operations
> are vast in scope and things must get done -- there is no excuse
> to delay things.

The People -- Managers and Workers

Being a retail brokerage one expects that a large amount of the management personnel might come from the ranks of brokers. In fact, this is so; roughly 90% of the upper management come via the same career path as follows:

> 1. Registered Representative (broker)
> 2. management trainee - home office

   3. office manager
   4. manager - home office
   5. upper management

It is unclear where these people come into the management stream, although

nearly all of the division managers were originally in sales.

The brokers are recruited on the basis of several variables -- their

ability, motivation, and quantitative and business aptitudes. Experience

is not necessarily a determining factor except as it might show motivation

and desire. At Merrill Lynch they put the applicant through a battery of

intelligence, aptitude, and psychological tests as well as a grinding day of

interviews. Their method screens out those for consideration who would ex-

hibit similar characteristics: they want someone who would never seek ad-

vice on money, does not typically ask for help, is highly motivated by mon-

ey, considers himself in the top 5% in everything, is psychologically stable,

and whose ethics are such that he will resolve the conflicts of interest in-

ternally. He feels that he is fully in command of any situation, but is im-

patient and easily bored. He has a strong ego --in fact, the stronger the

better. This says a great deal about that person's probable management

style. He is likely to be somewhat authoritarian (doesn't ask for help,

high ego, etc.), he will be extremely upward motivated and results oriented,

and he will not be likely to use or have patience for group approaches to de-

cision-making.

Taylor (1971) performed an extensive analysis of personal and organiza-

tional characteristics in 40 branch offices of a brokerage firm. He ex-

plores characteristics such as conflict management, leadership, defensive-

ness, promotion asperations, level of trust, information sharing, etc. His

findings are relevant as they describe the account executives (brokers), the

office managers, and the organizational atmosphere.

Amongst the personal variables Taylor concluded that the account exec-
utives are less trustful in giving information than samplings of unions,
government employees and business. He is person-oriented (as opposed to
task) and internally controlled and generally has unrealistically high goals
for production (sales). He also tends to be more defensive than a wide var-
iety of employees amongst business and government. The office managers,
though, are trustful of their subordinates, also person-oriented and inter-
nally controlled. They have very high aspirations for promotion (unrealis-
tically so) and are especially defensive -- even more so than the account
executives.

When it comes to conflict management Taylor uses an adapted Lawrence
and Lorsch framework which assumes five styles -- confronting, compromising,
smoothing, withdrawal, and forcing. For the account executives the desired
style does not match the actual style. In either case withdrawal and for-
cing are least preferred and practiced. The desired state ranks smoothing,
confronting, and compromise in that order while the actual situations fol-
low compromise, smoothing, and confronting. The account executive data
showed, in the actual situation, the most highly correlated pairs being
smoothing-confronting, compromise-forcing, and compromise-confronting, in
that order.

The office managers' ordering of desired vs. actual showed the same
pattern. However, the correlated pairs were smoothing-confrontation, com-
promise-smoothing, withdrawal-smoothing, and forcing-compromise, in that or-
der. Taylor concludes (pg. 76):

Managers who feel that persons at the level above them in the

firm are much superior to themselves, prefer force to com-
promise or smoothing resolution. Inter-personally oriented
(LPC) managers prefer confronting resolution to force.
Dogmatic managers prefer confronting resolution to force.
Internally controlled managers prefer confronting resolution
to force. Managers with a high aspiration for promotion
prefer force to confronting resolution.

The administrative load of the account executives is also positively asso-

ciated with the manager's aspirations.

It is interesting to note that the individual office performance is

positively related to information sharing, defensiveness, the account exec-

utive's mistrust of subordinates (helpers, clerks), and his high goals. The

larger offices from which more managers would progress into the home office

are typified by shorter service, respect for superiors, a higher desire for

coercive conflict management than the small offices, high internal control,

and a higher promotion aspiration than the smaller offices. It would appear

that the home office managers come more directly from the larger offices

than from the small, so the climate fostered in those would be more compar-

able to that of the home office. Taylor's data shows that, organizational-

ly, the climate based on Likert's scale seems to lie somewhere between ex-

ploitive (System 1) and benevolent authoritative (System 2). He says fur-

ther that it is an institutionalized and regulated business, one that is

controlled by the powerful few. All significant changes are dealt with at

the top and "are sought or resisted by top management with the force of a

large compliant membership. Innovation for the individual broker is con-

stricted within bounds..."

All this data only reflects, supports, and reinforces the characteris-

tics sought in the recruitment process. Several strong implications arise

out of such data, and are reflected in the following comments made to me by

the managers at the home office during the interview process. These represent their thoughts and do much to describe the managerial environment, especially at the middle levels.

> This is an extremely competitive environment -- the way to
> achieve results is to screw your buddy, and the problem is that
> this also leads to management fads as a form of competition.

A result of highly individualistic, motivated managers? -- there is a high probability. Also the fadism shows that there is not strong indication from top management as to which management style is most acceptable.

> Management tends to evaluate on subjective qualities, like
> personality and style. The managers tend to be more tech-
> nical specialists than managers of people. (There has been
> cyclic swings of this.) The overriding management style is
> to control the process rather than managing the results.
> When this happens you find managers reacting (and liking it
> as a technical process) to crises.

One would expect that the individuality and technical aspects to the style would lead to a strong one-on-one management process, a fact supported by much of the data. The technical aspects, while not unimportant, seem to have less impact as one goes up the hierarchy.

> The higher one goes in the organization the more opinionated,
> threatened, and subtle the managers become. But also they
> (the top) are still destructively competitive, egotistical,
> and have more of a "shoot from the hip" style of management.

This, clearly, is a powerful environment towards the top. It still remains oriented toward the personality rather than the results. But in such an organization valid information becomes the key to some of the available power.

Like most other brokerage firms this one became publicly owned. Since this has happened, the claim is that the top managers have become obsessed with EPS. Given the short time perspective and the desire for immediate re-

sults, and that sales are uncontrollable, the way to high EPS is through

cost control. This certainly was emphasized when the market volume de-

creased.

> The fact that the cost cutting was across the board, it is
> clear that the management doesn't know where it wants to
> put its money. But also because volume cannot be predicted
> and the fixed costs are high, it is necessary to maintain
> staff flexibility.

Lower in the structure, the opinion changes.

> When it (the firm) went public the emphasis shifted away
> from employee orientation and went more toward stockholder
> orientation.

Hence all the pressure on EPS, P/E, which is not what management would

like, and controlling costs.

Now, with the business unpredictability, the time perspective, and em-

phasis on EPS (a good deal because it has not been up to market expecta-

tions), there seems to be a shift in the business outlook to question its

survival capabilities. After all, over 100 firms have failed recently.

There is now extreme pressure constantly to look at its own operations to in-

sure that they won't be next. This only feeds back and positively rein-

forces the cost control aspects.

What of the lower level workers -- the processing and servicing work-

ers? These employees comprise well over one-quarter of the total employ-

ment. Their management's ideas have already been stated. We need now to

look at the characteristics in these lower levels. Although they represent

25% of the employment the importance goes beyond that. It is in these cler-

ical levels where operating efficiency, if it exists at all, will show up.

For if the work is not completed on time or inefficiencies occur causing

missing certificates, those missing or incomplete transactions must be made

up through borrowed securities. The interest charges on these are not in-
significant. Certainly, then, these workers become important to the firm's
profitability.

We looked at the recruitment of the brokers, what of these clerical
workers? Why do they come to work? Brooks (1973) claims that many come for
the glamour of Wall Street; to be close to the millions of dollars that flow
through every day; to be where the "action" is; for reasons of curiosity,
to see what happens on Wall Street; or for status reasons, so they might be
able to talk of it in the neighborhood bars -- to become the resident expert
on the market. Many come for less glamorous reasons; to make a living, to
have a sense of doing a job, for the office companionship or for dating
prospects. Then there are the few who come for reasons of motivation but
lack experience; they hope to rise above the clerical level, but have to
"put in the time and the training."

But what they find (or found in the booming periods) was an atmosphere
of distrust. The chores were just that -- routine and performed under close
supervision. Truly a "cage" atmosphere existed.[1] Some firms, out of fear
of theft and slow work by employees, had the supervisors march the employees
to the rest room for breaks. It is no wonder that the morale was low and
turnover high. The turnover may be a blessing though, because if not for
the turnover, the discontent could easily give rise to a union movement.

Faison (1970), who spent some time amongst the ranks, found that the

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[1]The processing areas form a part of what is called "the back office," and
are referred to by the term "the cage." Because of the security necessary
for the securities, the functions often were performed in a caged en-
closure. In the larger firms now these functions take up entire floors
and have security guards and locked entrances.

workers' chief loyalty was to himself. He was offended by any who claimed
that he should feel commitment to the firm and the job. The prevailing at-
mosphere was to "do a day's work for a day's pay." Generally, they (the
clerical workers) were disappointed because of the job and could not under-
stand not being where the action really is -- on the brokers' floor.

Brooks goes on to claim that the opportunity for advancement was slight
and what little there was went to the pre-selected favorites. A sad dis-
appointment for those who did want to advance, and it was unclear just how
to become that selected minority since there seemed to be no standards for
performance. Rather, it seemed that those who could play the game, be sub-
missive, and act as though busy work was done were the ones who got ahead.
Everyone else was assumed to be in the back-office to stay -- or to leave.

Brooks' description is more appropriate for 1970. Since then the im-
portance of the back-office has become all too clear to top management. But
yet it is not certain that the management of most firms, including the one
studied, has found ways to deal with the situation. They seem to be trying.

ORGANIZATION DEVELOPMENT WITHIN THE FIRM: THE PRACTITIONER VIEWPOINT

This chapter presents the case study from the O.D. practitioner point of view. Four areas are dealt with: the functioning and development of projects including a detailed example, the relationships and development internal to the O.D. group, the relationships with Personnel that led to the firing incident, the activities of the group since their firing. A close examination of the practitioners thoughts, values, and issues are presented. Finally, a model of their strategy is presented.

This is not a typical case study. Most cases in O.D. literature are

lacking on any of several dimensions. Either they are only brief illustra-

tions of a point to be made or a technique described, or they are rather dry

renditions of a program from a system point of view. Sometimes they ex-

amine only the diagnosis and the implementation steps without bringing much

of the client into the picture. The case presented herein is designed more

around the practitioner and his world as a human being. Elements of person-

ality as well as organizational dynamics will be presented. The reader

should come away with a more complete conceptual picture of the O.D. activ-

ities as a life situation involving real people.

Let us look at the people involved in the study as they will be men-

tioned often. The members of the O.D. group (at various times) include

Gary, Marc, Betsy, and Chris. At different times the group came under dif-

ferent managers: the Training Department manager, Manpower Planning manager,

and Division manager. (See Figure 2 for the chart of Personnel where these

functions are located.) The backgrounds are as follows:

   Gary - no familiarity with O.D. prior to the case. Had been in-
     volved with various training programs.

   Marc - Business school background with training in the organiza-
     tion development area.

   Betsy - training background with nominal O.D. experience and ex-
     posure.

Chris - designed but did not implement training and develop-
ment programs in the accounting field.

To help put some of the events into perspective, a timetable is pre-
sented as an appendix to this chapter. The aim is to connect the events
that have been separated by the organization of the chapter. (pg. 70)

Origins of Organization Development

In the aspects we shall consider important, this firm was similar to
most of the others on Wall Street, either unaware of the changing environ-
ment or unable to deal with it. Several aspects did set it apart from the
others, but these are not extremely important to the case. Like other re-
tail houses, they were caught with inadequate methods to deal with the
sharp increase in retail business in 68-69. Chapter II told of the lack of
automated techniques and the lack of skilled personnel to handle the rapidly
multiplying clerical processing tasks. Due to the rapid hiring they found
themselves with higher percentages of the educationally disadvantaged in
the clerical jobs.

The firm hired Gary in the late Fall of 1970 to start a government
funded disadvantaged hiring program complemented by a skills training pro-
gram. He became one of two coordinators for all skills training in the firm
(the operations area had its own coordinator). Both programs were started
up successfully and functioning smoothly. But by Spring of 1971, the opera-
tions skills training coordinator had confused his program so much, few in
the division knew what was happening. Gary was brought in to straighten up
the mess. The coordinator was fired and Gary went about setting up a func-
tioning system. He accomplished this by sharing management of the trainers
between himself and each manager, and by selecting the trainers from candi-

dates recommended by the managers. Gary then trained the teachers in some behaviorally oriented training techniques and put them to work. These aspects are important only as they represent the initial life stages of O.D.

At this point Gary's personal goals in doing this were twofold:

1. To influence the firm in its treatment of employees

2. To accumulate power by empire building

To influence he believed it necessary to have power because only then would the training activities be accepted by those areas where it was most necessary. In this case the power was obtained from the division heads wanting the programs. Implicit was the fact that if any department manager proved to be a block, pressure could be brought to bear on him to cooperate.

A nagging dissatisfaction arose, because, though progress was being made slowly on job quality and morale, it readily was apparent that major problems existed in the job content. At this point job enrichment (JE) was suggested by Gary's boss, the training manager who had just heard about it, and a consulting firm was invited in to explain it. Gary immediately saw this to be the answer to job problems and contracting was entered with the consulting firm to run a program. Not abandoning his idea of empire building, Gary began looking for a specialist to be able to continue with job enrichment in the firm after the first project was completed. Here enters Marc. He was to observe the preliminary seminar and participate with the outside consultants in the program. With Marc's hiring (and later more would be added) organization development unofficially began. Up to this point Gary was not familiar with organization development or O.D. training.

Now let us turn more specifically to the evolution of the various activities that comprise the present mix.

Job Enrichment

Job enrichment, hereafter referred to as JE, began with the consulting firm in the Fall of 1971. The major developments that made up the project (fee = $25,000) were as follows:

- Presentation to the assistant division managers
- Proposal to the management of the operation's division
- Funding allocation and subsequent hiring of Marc to partici- pate in first project and develop in house programs
- Feasibility study of jobs and supervisory style in two de- partments
- One was chosen; the other was promised the second spot (there was extreme competition to be the first, as this would be seen as a sign of progressive management)
- Two off-site four day seminars in which concepts were presented and understanding practiced of both
  - Herzberg theory
  - Job evaluation and analysis for enrichment potential and implementation
- Implementation by managers and supervisors in groups with Marc as a program process consultant/observer

The program itself was seen as moderately sucessful by all involved. The outside firm didn't plan or carry out extensive implementation, so much had to be learned from experience. However, the potential for job related im- provement via this method was high, and more work was desired, so a search was made for additional people to help with the JE programs. Betsy was hired as a job enrichment trainee to help and learn from Marc. She would eventually handle all of the second project as Marc started other projects, as yet unspecified, that would come up in the Bonds area.

Two major organizational forces were in operation. Based upon the con- cepts that came out of JE a structural change was made to produce more "na- tural units of work" at the group level. (A "natural unit of work" as Herz- berg's theory defines it is a whole job with tasks that logically fit to- gether and give rise to feelings of responsibility, completion, and measura-

bility.) Primarily this involved changing from a functional organization at the department level to a product-line organization (i.e. based upon types of securities being processed). This change is shown in Figure 3. This was a significant change and exhibited both the acceptance of the new ideas at these middle levels and the high competitive spirit of the managers. The two managers who proposed the change were rewarded by becoming the new group managers, at least a move up on the organizational chart.

A second major event occurred when the second JE project came into conflict with a new automation system that was to be installed in the cashiering area. Built into this system were the creation of many jobs, that in most respects, were as dull and repetitive as the ones they replaced. There would be little sense in expanding upon the JE program if the jobs were to be undone in the near future by this new system.

The significance was compounded by two factors. First, the two methods for job improvement were not compatible and go/no-go decision was required on a system for which much money had already been spent. Second, the Corporate Systems Division was involved in planning and installing the system. To enrage them would not be wise since Gary knew he'd want to work with them later. A modified confrontation meeting was set up with the O.D. group, Gary and Betsy heading it, and managers from both sides attending. Little was resolved except that there was indeed a conflict.

One positive output of the meeting was that if it went in, the system would be installed on a raised floor (est. cost of $100,000) to permit future JE. (The equipment placement would need to be flexible.) At a later date the decision was made to go ahead with the system under the condition that it be installed with teams. Gary acted as consultant for them and

ASSISTANT
DIVISION
MANAGER

A

B
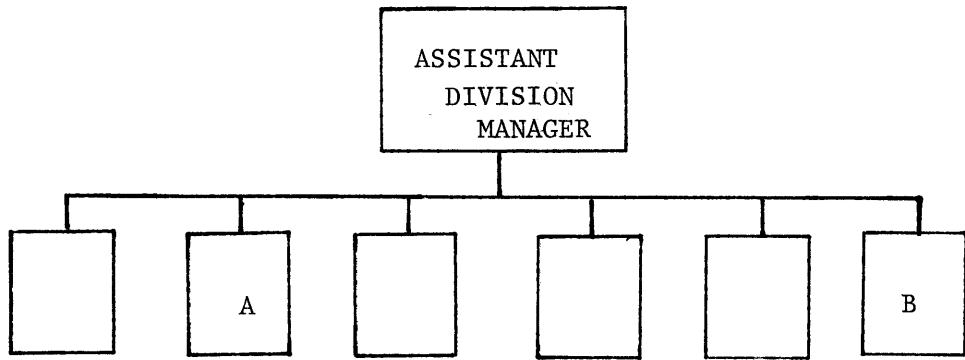
Functional Departments

OLD STRUCTURE

ASSISTANT
DIVISION
MANAGER

A
Stocks

B
Bonds
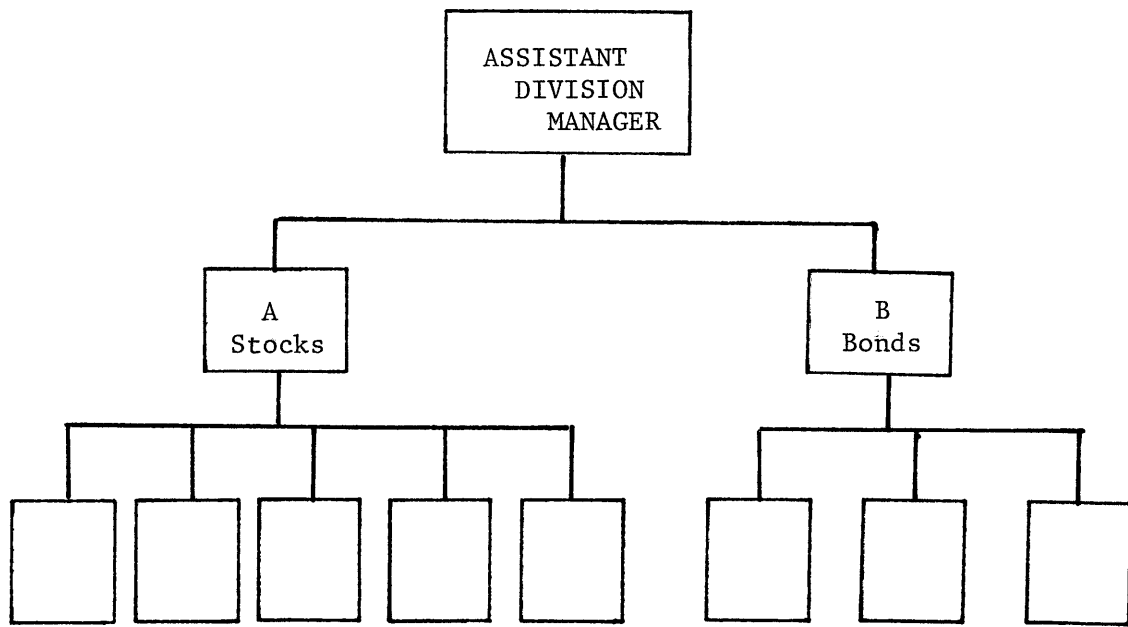
Functional Departments

NEW STRUCTURE

FIGURE 3: The Cashiering Function of the Operations Division

believes that the team basis was responsible for installation being made on time.

These first couple JE projects functioned almost entirely in the lower ranks of management. The major criteria in selection of the departments were:

1) Present job design
2) Potential for enrichment of the clerical jobs
3) Willingness of managers and to some extent the supervisors'
   attitudes toward change and the giving of support
4) Potential for increased productivity

The most important factor proved to be number three, especially with respect to the department manager. His active support was sufficient for most supervisors to get involved.

In the selection of jobs for enrichment the most important factors involved were:

1) The units of work--developing whole jobs for employee satis-
   faction
2) The amount of new responsibility possible
3) The potential for clerical and error reduction
4) The practitability of training

Generally, the jobs were analyzed by a team consisting of the manager, the supervisor, a consultant, and a training person. As the job was enriched, a training program was designed for the new jobs and applications for job grade changes were made. The training, attention, and potential wage increase were seen to be important in acceptance by the clerks who would be doing the redesigned jobs.

Moving Away From Job Enrichment

Having spent six months in the preceding projects, Marc became impatient and wanted to move on to bigger and better things (mostly in the form of influencing higher management). With the relative success of the first

projects, the Bonds manager, not wanting to be left out of these new developments, anxiously desired a larger JE project in his department. He was young and not completely satisfied with the status quo in management philosophy at the firm. Since he had recently become the bonds manager in the structural change he was looking for ideas in the management of the new group. Gary and Marc quickly picked up on this; "This looks like an ideal place to initiate some team concepts in management." The manager was then shown or persuaded how this framework could be used to implement JE and MBO in all departments at the same time. To do this, though, additional O.D. people were necessary, and Chris was brought in to work with this project. Because it's the largest and most comprehensive project they've attempted, it is described in detail in the next section.

The project itself involved setting up four management teams and nine JE teams. Initially the top team worked on MBO with the three middle teams soon following. As an objective JE was to be installed and the progress of the nine JE teams was monitored by the management teams. During the course of the project the work was intensive. All teams became enthused with the work and the teams. About midway, in mid 1972, a massive cost cutting program, that would have major effects on the program, was instigated. The cost program arose from several forces. Volume turned down and earnings prospects looked poor to senior management. Consequently, profit improvement was deemed necessary. To the supervisors and clerks, the JE program began to look more and more like a vehicle to cut people in order to satisfy the profit improvement. Later the savings claimed for JE were claimed to be due mostly to the cost cutting rather than the JE.

This program claimed the full attention of Gary, Marc, and Chris until

early 1973. At that time other programs were sought using any of the three techniques -- MBO, JE, or TD (team development). Chris started an MBO program in the OTC (over the counter) operations area and also began an effort in the Services area at the middle management level. Marc tried turning the OTC project into a JE project using an experimental model which called for an in-house seminar and no support from any higher than the middle level. It was terminated at an early stage. The Services work was done with support, but little involvement, of the Division manager and assistant manager. This program was seen as moderately successful, but the objectives called for implementation of a JE program in 1974.

In the Corporate Systems area a preliminary diagnosis was performed by interviewing all the department managers with an eye toward a team effort. The data was then fed back to the Division manager and assistant manager. However, as Marc and Gary see it they were unwilling to deal with any of the data and this went no further. In the same area, though, some work was done preliminary to a JE effort in one of the departments. However, again the discussions concluded at an early stage.

This, then, traces the development of the methodology being utilized with respect to the clients up to mid 1973 when the relationship with Personnel came to a critical point.

A Detailed Example of JE, MBO, and TD -- Bond Cashiering

The purpose of this section is to give a more thorough idea of what exactly was going on as well as a closer look at the operating style and thinking of the O.D. group. The example involves the bond cashiering (operations) group. Originally the structure of the cashiering half of the oper-

ations area looked like this:
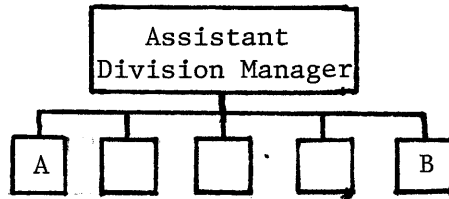
Figure 4: Cashiering -- Old Structure

In February all the managers attended an MBO seminar, not wholly by choice but somewhat more by decree of the Division manager. An output of the meeting was that while both manager A and B were extremely competitive with one another, they colluded in drawing up a new structure that would:

    1) promote themselves

    2) divide the work to be more congruent with JE

    3) facilitate more objective evaluation and management

The new structure is shown in Figure 5.
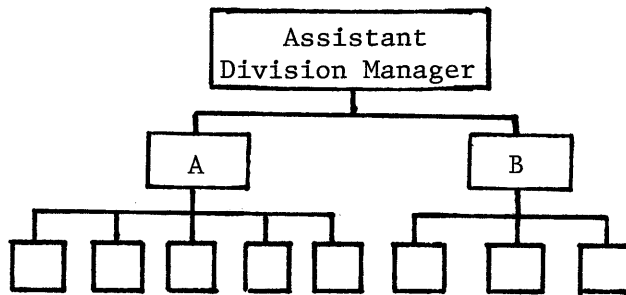
Figure 5: Cashiering -- New Structure

Soon after this the second JE effort began in manager B's old department, but the department had gotten a new manager and also had been moved to A's group. In March B requested a JE effort in his area. Gary suggested that since he was a new manager in a new structure he might try some team development. Some time was spent with Marc and Gary explaining the concepts, which did not come across clearly. However, he said, "I'm tough, and I'm game for anything and this will show how progressive we are. We'll learn

by doing." Also apparent was the idea that it would make it easy to install

MBO with this. After interviewing all the managers, planning, and sorting

the data, the effort began in mid-April.

The task was ready made for the group. They had to deal with the feed-

back from Marc on the managers and to work on the department objectives.

Marc's strategy was to build confidence as a group and to build openness,

confrontation, conflict resolution, and to advocate more risky personal and

organizational decision, while working on concrete department tasks. The

MBO model used is a top down approach (See Table II). The top team (B and

his three department managers) was to work on the Primary Objective and de-

velop themselves in the vital and performance areas.

In this process the team model quickly evolved into a linking pin model

as shown in Figure 6. After the top team developed its Primary Objective

and the vital and performance areas, the department managers were able to

begin work on the departmental Primary Objectives. Three more teams devel-

oped, using Marc as consultant, with each department manager and his three

section managers. At a later time the section managers would form teams for

JE to complete the linked team concept. However, officially they were not

expected to form management teams for the MBO program, though some did.

Both Marc and Gary were involved in this first part of the effort act-

ing as process consultants. They were not necessarily deeply committed to

the MBO effort as an intervention strategy. Rather it became a way of meet-

ing the clients where they wanted to work while simultaneously providing an

important team building step. It was a way of confronting personal and or-

ganizational goals at the start with little teaching on the fundamentals of

team development necessary. The issue is confused whether team work was a

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         ┌──────────┐   ┌──────────┐   ┌──────────┐
 D       │ PRIMARY  │   │ CONTIN-  │   │ SPECIFIC │
  Iv     │ OBJECT-  │──▶│  UING    │──▶│ OBJECT-  │
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       On└──────────┘   │ ACTIVITY │   └──────────┘
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 D       ┌──────────┐              ┌──────────┐  ┌──────────┐
  Ep     │          │              │          │  │          │
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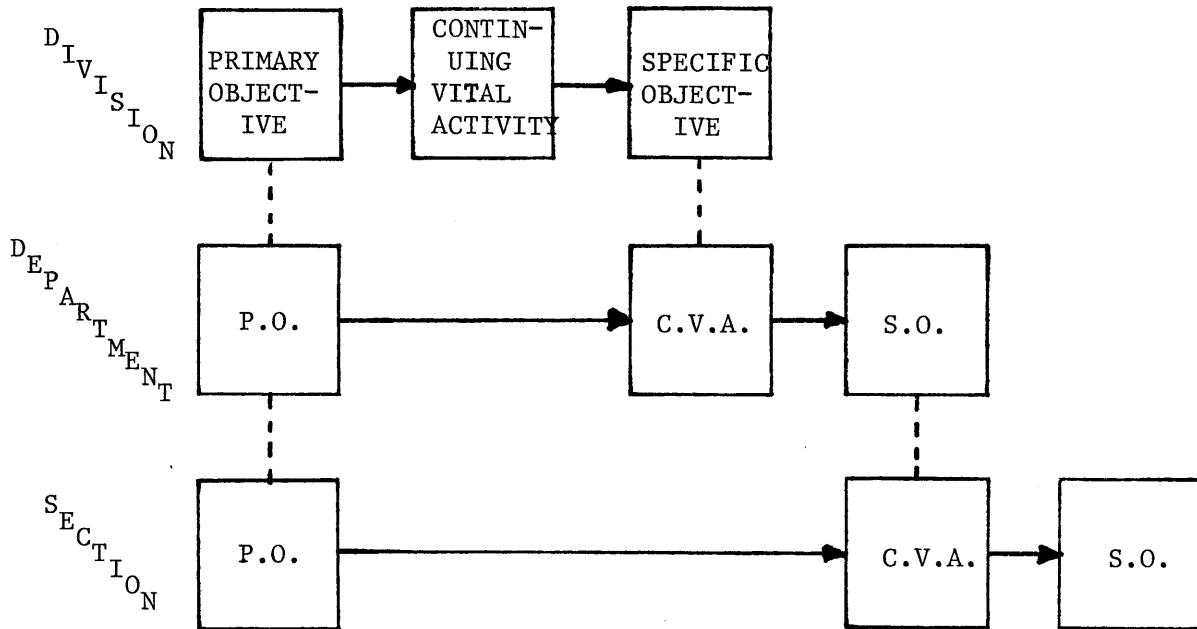
PRIMARY OBJECTIVE: States the purpose and direction of the
                      organization. Answers who, what, why,
                      how, and where. (Survival, Essential
                      work, Principal products, Principal mar-
                      kets, and Principal territorial.)

CONTINUING VITAL
   ACTIVITIES   :   Management activities that must be per-
                      formed if the Primary Objective is to be
                      accomplished.

SPECIFIC
   OBJECTIVE   :   Identifies the condition that is to ex-
                      ist upon completion of the objective.
                      Must be measurable in two dimensions
                      (i.e. time and quantity). It is derived
                      from a CVA (might be one of many). It
                      contains a Result Commitment expressed
                      in future tense.

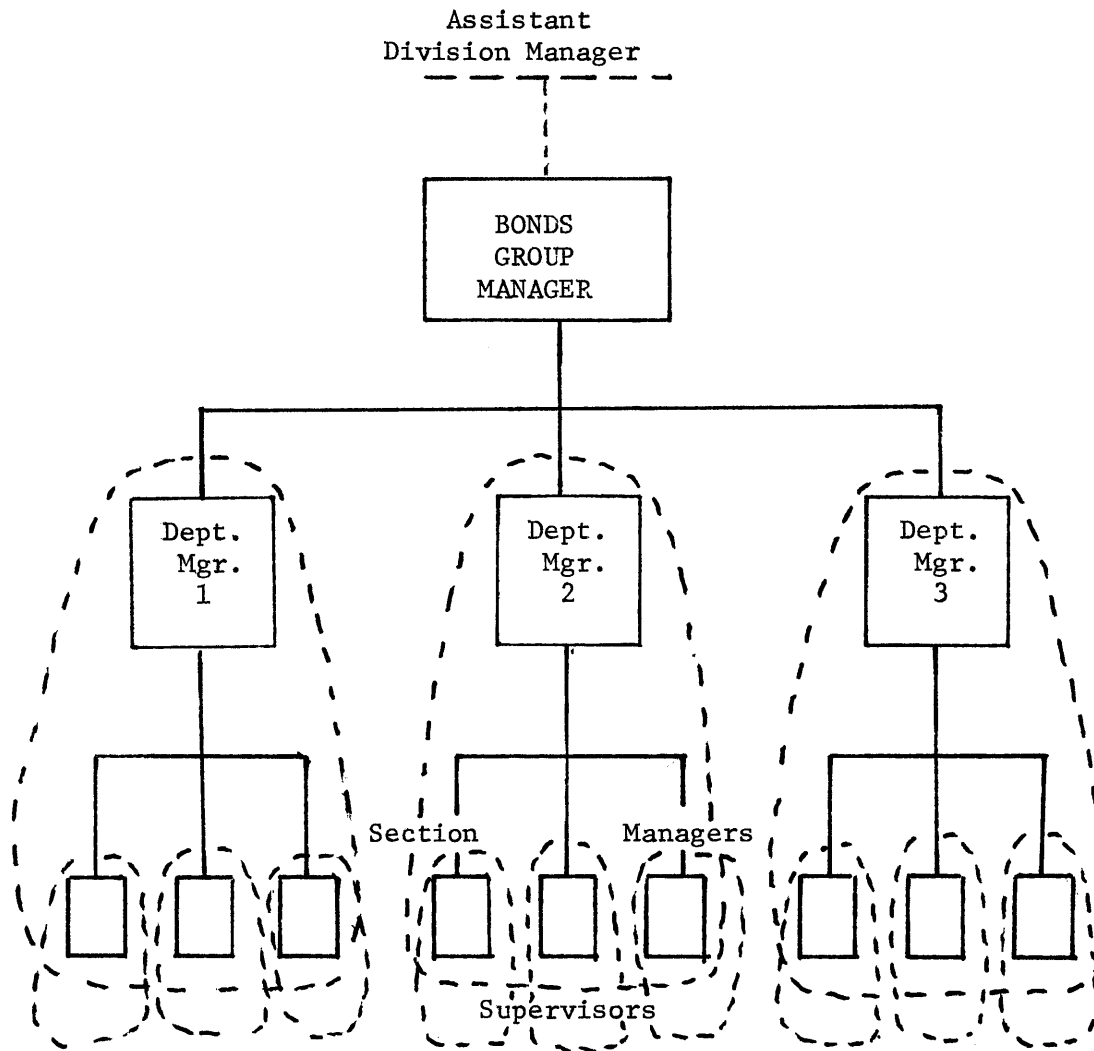TABLE II: The MBO Approach -- An Integrated Planning System

FIGURE 6: Bond Cashiering -- Team Structure

vehicle for implementing first MBO and then JE, or whether MBO was a convenient model for instituting teams in management. In reality they both built on one another and became a comfortable combination.

At first Marc's style of consultation was to run the meeting on an agenda setting basis, and then gradually relinquish that method as others picked it up. He would also process the meeting during the final minutes, and again, as the group relied less on him for this, move processing into the context of the meeting. On a process level, he tended to deal only with task accomplishment, but did try to validate openness around personal issues by expressing his own feelings and by confronting disagreements. Mostly he tended to remain outside the group. Gary operated more as a member might, not staying outside of the group but trying to be more of a model to work from. He would look for and promote personal introspection (especially on a one to one basis). He, too, looked for and advocated greater personal risk, by trying to bring out the pros and cons of actions and behavior.

The second larger project on which to work became the planning and implementation of job enrichment. All four teams worked on the details of the program and implementation procedure, which included seminar planning, management aspects, and an evaluation of the structure. During this consideration of JE Marc would be in the role of an expert on JE, but would not move out of the other process role. Once the seminars were held JE teams were formed, each with a section manager in them. So a third level of teams were instituted but their mandate was only to implement JE, not necessarily to form ongoing teams. Marc became a consultant to these teams acting out of both process and expert roles. His concern was not so much the development

of the teams, but rather that the process was consistent with good JE, organizational constraints, and free enough to get good ideas out. In all there were nine JE teams not all of which were consistent managerial teams in the present structure. (i.e. When jobs were being combined that involved crossing section boundaries the proper people were brought in.) Since Gary was not working with the JE teams, Chris was hired to help Marc.

During the JE program, the JE teams met approximately once a week as did the top team. The middle teams did not meet quite so frequently, their only role being that of monitoring the progress and facilitating the process of JE. The top team took the overall responsibility for the progress and did a variety of evaluative tasks -- the total program, the managers, and the accomplishment of the MBO objectives (of which JE was one).

JE was presented to the managers and supervisors as basically a humanistic process. It would work towards providing more satisfying and rewarding jobs (monetarily, too), while reducing manpower through increased productivity. The major ideas are that increased productivity will arise not through people working faster. Instead, by becoming more committed to the job and seeing clearer results, they will make fewer errors, require less supervision, and use their time more effectively. It becomes clear to the people that if there is increased productivity and fewer people some will have to go. This is not denied, but worked, through the transfer of people to other jobs. The process, if done effectively, tends to highlight the less effective managers and supervisors. So admittedly, it is not a soft process, but a tough one. That is presented more as a challenge than a threat.

As the program progressed the less capable managers did begin to stand

out. Helped by the influence of the cost cutting program, managers were demoted to section heads, section heads to supervisors, and supervisors to lead clerks. Some people left of their own accord (including one of the department managers), some were discouraged with the system and some realized that they wouldn't make it; and others were fired primarily because of the cost program.

Once a substantial part of the planning work was completed for the JE and only a maintenance function remained, the top team wished to turn its energies elsewhere. A combination of concepts from JE and MBO created the realization that the reward system was inconsistent with the MBO effort. If the MBO and team efforts were to be used as an effective goal and measurement process, then the reward system should be consistent. Long hours of discussion and planning ensued on the subject of the reward system and possible modifications. The team worked at systems of distributing both salary and bonus allocations under the concept that those who do more individually should be rewarded as such, while the bonus really represents a group reward and should be distributed to the teams.

An external dynamic at this point should be noted. Manager B moved into intense competition with A and, as Gary saw it, was moving toward a win-lose situation over both team development and JE. A decided to go ahead with the automated system. He was seen as "chicken" by B, while A was downgrading the team development effort. Much energy was spent during confrontations between these two groups with no resolution. Gary, who was consulting with both sides, tried lessening the conflict by intervening at the level above theirs, urging the assistant division manager not to antagonize the competition by recognizing each approach separately.

Towards October several things began happening. The reward system was being completed and the team prepared a presentation to upper management about the reward plan, who until this time did not know much about the progress. It was at this time that the O.D. group was placed in the manpower planning area. As explained later in this chapter, this threw the whole O.D. staff into a frenzy. They shared these anxieties with A and B and perceived a great deal of support. Gary urged the clients that they do nothing. In addition Marc began to consider withdrawing from some of the JE teams and Chris was pushing for more projects, especially the money saving ones. In early November the team presented the reward system they had devised to a marginally receptive audience (top management). Top management was interested but not totally accepting. A and his group also became interested and the gap between the two groups was narrowed to a certain extent. Delay took care of the situation; the bonus was eliminated and the reward system was never approved, causing great frustration to the top team and especially manager B.

From November until Spring 1973 only routine meetings were held both at the top level and in the JE areas. Marc and Chris began to decrease their effort and attendance in those meetings as implementation was well on its way. In March Chris was forced out of the firm (fired) and that cancelled all his efforts. Not long after this the top team began meeting to restructure the whole bonds group along product lines. Even though there were some natural units existing, they were oriented more on functional lines. Product orientation would be even more consistent with JE and could take advantage of some of the combinations that had been produced in the sections. The final result was that they not only restructured the group, but they

also eliminated six or seven management positions and moved everyone. In
the final chart, one department, four sections, and numerous areas were
eliminated. In the process managers and some section managers were down-
graded while others received promotions. When this was completed, B started
pushing to move elsewhere in the firm or up in management. He had become
frustrated in dealing with upper management's lack of acceptance of his ef-
forts. He began pushing the division manager and mentally was going through
such frustration that Marc and Gary decided to talk with the division man-
ager about moving or promoting him. They felt it necessary that he be re-
warded for performance with the teams and with JE. In May a position was
offered to him in a new organization that was becoming a separate entity.

Results in Bond Cashiering

Much has been alluded to in the way of results of this project, but to
be complete, a comprehensive list needs to be discussed. Numerous measure-
ments occurred along the way. At one point claims were being made of a half
million dollar savings. It appears that this is probably unrealistic be-
cause since then the estimates have been revised downwards. The excessive
reports of savings exhibits the exuberance and optimism shown by the manager
B.

A total of twenty-one JE projects were planned and implemented. Fif-
teen of these were considered successful with the other six unsuccessful.
The total savings amounted to $172,000 in salary and $200,000 in reduced
error corrections. The salary savings resulted from a reduction in the per-
sonnel of 24 people including two high grade managers. All concerned feel
that the process was beneficial in other ways also -- in the way supervisors

and section managers manage, and the higher satisfaction of the clerks, and lower interest costs. Marc and Gary would go so far as to say that the major benefits occurred in the managing area -- the improvement in the mechanics of meetings, knowledge and practice in setting meaningful goals, and increased interpersonal skills in and out of meetings. Apparently everyone wins.

Internal O.D. Staff Growth and Development

Much of the staff changes have already been mentioned, but a brief summary is necessary. As mentioned, Gary had built up a staff of skills instructors when Marc arrived on the scene in the Fall of 1971. February of 1972 was when Betsy was added to the staff.

Gary saw her addition as a political move as well as something for the group. Her boss, the management training manager, was close to the point of being fired for performance reasons, and this indicated the relative strengths of the two groups. Betsy had little experience in O.D. but some knowledge and would be trained.

The empire building scene was in full force when Chris was brought in around August 1972. He had been recommended by Betsy and was hired because he was anxious to learn and to get into implementation phases of the programs. The very same day Chris started a mutual decision was reached by Gary and Betsy that she would be transferred to a line manager's position in operations in six months or less. As described later this came about from extensive disagreement about the general stance and strategy of the O.D. group. Betsy left towards the end of September and the staff was again three.

Around this period Gary's empire crumbled. The cost cutting program

hit and meant that all the skills and second language instructors were even-

tually eliminated, in addition to the administrative personnel. By this

time Gary was putting a lot of his time and commitment to the JE effort so

there was no great fight. Great fears arose periodically, about once a

week, that organization development too would go. Some rumors and threats

that this would happen did come down from Personnel management, but surpris-

ingly it proved not to be the case. More surprising was the decree, from a-

bove the personnel division, that organization development was exempt from

the cost reduction and was free, even encouraged, to find additional per-

sonnel. This never was understood, an example of the extreme filtering of

communications downward. Prospects were investigated -- among them two

former clergymen, people from Sloan School, Drexel, but few were interviewed

Only limited numbers would fit the style and stance as perpetrated by Gary

and Marc. These were only excuses to pass the time because there was a

basic mistrust that additions would be allowed to stay by the organization.

People could have been found had it been pursued seriously.

Previously it was mentioned that Gary knew little of O.D. when Marc

was hired. Eager to contribute and build, Marc spent a great deal of time

getting Gary first enthused about the concepts and then hooked on them.

Many hours each week were spent discussing theories, values, and strategies

in O.D. When Betsy started, she, too, was drawn into these discussions. As

was typical of both Gary and Marc, often progression was made to the level of

deeply philosophical concepts and implications. In an effort to understand

all aspects and implications, Gary went so far as to relate O.D. to any of

the physical sciences, once putting together an internal presentation show-

ing the analogy of O.D./Personnel as quantum mechanics/Newtonian mechanics. Much of this seemed to be their way of coping with the political realities, analyzing them, shielding themselves from them, and rationalizing their activities in such a foreign environment. It served to maintain the isolation that they felt was mandatory.

This gives an idea of the intensity with which they worked, and the commitment that they made to the field. The net effect may not have been beneficial. While they effectively isolated themselves from their management and the rest of the organization they also increased the enotional impact and tension in them. Much of the conflicts with Betsy revolved around these "theory" and "strategy" discussions. Her view was seen as inappropriate for the situation -- she wanted to be nice to everyone and to be helpful to all. Her reluctance to entertain the deep philosophical views was interpretted eventually as having insufficient commitment to the field. It also should be noted that all the time she was there, a running argument existed between her and Marc as to the effectiveness of women in the field. Marc's feeling was that the managers would not accept a woman as a useful consultant. To some extent this proved to be true; it was those managers who were least effective or secure in the organization that gravitated toward her. This may be a result of the lack of backup support either Marc or Gary, though.

Throughout the first stage when Gary was being instructed in the ways of O.D., a la Marc, he concentrated on the administrative aspects of the group. Marc handled the JE, while he handled all the organizational issues. In essence Gary protected Marc from all the politics in the Personnel Division as well as the more political issues with the clients. This meant that

when JE started conflicting with the new automated system, Gary got in-
volved. There evolved a fundamental intergroup conflict between the opera-
tions, O.D., and systems groups. When Betsy came in she, too, became in-
volved in what became a modified confrontation meeting among the three
groups in July 1971.

As the project base expanded each person became involved in their own
groups with some interchangeability. Betsy handled the automated systems
implementation groups and some of the earlier JE teams; Gary had the other
first teams from the initial JE project; while Marc took on much of the new
JE in the bonds area. Interestingly, at these early stages they split up
the projects, but later when Chris was involved, they had basic conflicts
over sole ownership of projects.

As regards to Marc and Gary, their relationship was one of mutual de-
pendency. Marc supplied the theory base and the thought behind the stance,
while Gary provided the push and shove and detail with respect to their
management. On the occasions when they worked together with clients the
same complement held true. Gary noted that Marc often would get triggered
into a theory discussion if the group was not working well. The groups
seemed to learn this and would work to identify where the problems lay.
Gary preferred staying on a personal level with the groups and would get in-
volved directly in the organizational issues. To a certain extent some of
the clients became dependent and sought both Gary and Marc as personal coun-
sellors. A fair amount of informal time was spent with clients discussing
the personal vs. organization interface.

Many of the conflicts with Chris came about because of philosophy
and reward differences. Chris desired compensation for himself based upon

performance and, therefore, stressed measurement wherever he worked. He

pushed heavily to be involved in teams for which he would have sole respon-

sibility. From that it would be clear how much impact he was having. Over-

all Chris did not wish to really involve himself in the master plan of di-

recting change; he desired more work on the JE projects with the nitty gritty

of designing jobs. In short he looked more for being an "expert" consul-

tant than process and for having high goals with the clients. Both Marc

and Gary objected to his demands, first because they didn't feel he was

ready for solitary work and second, because that did not fit their ideas of

proper commitment to O.D. and stance toward the firm. Part of the contract

with Chris upon hiring was that the O.D. group was to become an independent

department in Personnel and that Chris would be reviewed for a salary in-

crease within six months. Neither of these materialized (the latter seemed

to be a misunderstanding of timing), and this, coupled with the unfulfill-

ment of the demands, created high friction within the group. It was deter-

mined that the differences were unworkable and Chris was fired. Here as

with Betsy, the major differences occurred from Chris' unwillingness to com-

mit himself to Marc and Gary's stance in the organization.

Some of the beliefs and values that are operable in the O.D. group have

been alluded to, but a comprehensive list needs to be drawn up. At one time

they made up a set of objectives for the group. Out of this their basic

underlying premise arose.

> BASIC   The organization is unacceptable in its present "form"
> PREMISE: because of its debilitating effect on the lives of its
> employees and because of the organization's lack of
> contribution in solving societal problems. The O.D.
> group, gaining its charter from a strong societal sense
> of desired change in its institutions, sees as its pur-
> pose to facilitate constructive change in the organiza-
> tion.

This is a strong statement about the state of the Wall Street firms. The premise might be interpretted as questioning the role of these firms in society because of the way they do business, but economic reality rejects this as a purely idealistic viewpoint. Inherent, though, is the goal to eventually influence the entire organizational mission and culture, and thus affect both efficiency and effectiveness of organizational members.

Out of this premise one would expect strong personal beliefs about the

1) worth of people
2) incorruptability of their own personal values
3) the motivations to work

These are acted out. Not expected though is Marc's belief that significant learning and change come about only through personal pain and depression. He has observed that it is during these down periods that the impetus for change occur. Therefore, he models this philosophy with the clients and the management. He gets bored easily when all is going fairly well and is satisfied when the situations are poor. Obviously, there is a strong commitment to a high ideal state.

In one of his lighter moments Marc said, "What we want to project is an image that we are a symbol of hope. We can give people hope that there is a way out of this crazy world in which we find ourselves." By this he implies that a significant role in the change process is that of a referrent figure for those who feel that they are just a pawn.

What are the beliefs and attitudes underlying client work? These appear to be stock, traditional O.D. philosophies, which does not imply a value judgement but merely says that there is very little new in the approach.

. Achieve moderate (but significant to the clients) change in
    work process and environment
. Meet the client where he is at

. Encourage risk taking (be creative and push own ideas)
. Put client's interest ahead of own
. Must not evaluate clients, especially subordinates of the
  clients
. Build internal commitment and motivation through
    - conflict confrontation and resolution
    - openness and honesty
    - design of maximum responsibility into jobs
    - reduction of game playing and in fighting
    - self-critique

Not quite so typical of textbook philosophies is the following:

. To achieve legitimacy in working with the clients, the practi-
  tioner must be extremely results oriented
. Hence the projects should reflect this and be able to show mea-
  surable results (JE, MBO, team development to implement those
  and for better decisions)
. Promote commitment and change through modelling displeasure
  with the status quo
. If necessary make political moves to reward those progressing
  with JE or MBO and hence becoming better managers

Clearly there is much emphasis on the results aspects. This comes a-
bout two ways -- because they are dealing with a financial environment where
a good deal of the upper level management came from sales positions, they
must be able to show a tangible result. Also because they, as a group, are
fighting for survival, they must justify their existence. As a part of
melding in with the organization, either they need acceptance at the very
top or they must be able to show tangible results. Given the emphasis and
concern over profits since 1970, these results naturally take form in cost
savings or higher productivity.

The strategy with the clients forms only a part of the overall strategy
and to a large extent the easier part. Their strategy and role in Personnel
is trickier. Their goal with the Personnel is as follows:

The primary goal is ambitious -- to indicate to the division
that its role in the organization could be one of facilitating
constructive change with upper management and significant sub-
systems of the organization.

The department was perceived by them as like many personnel departments:
not highly respected by the organization and having a self-perceived out-
look of not having much power or influence. Marc's influence is seen in
the above goal -- no longer does it imply that an empire or even power base
be built by them. Rather, the eventual hope is that the department will
see the Personnel role as being the primary means by which to change the
culture and operation of the business. However, this was not to be a long
term goal; the role change was sought almost immediately.

To accomplish this they adopted a rather unusual strategy for an O.D.
practitioner. It is unusual because it seems to reject the collaborative
mode valued so highly by O.D. philosophy. It seems also to imply a differ-
ent change strategy. Witness:

- Attain legitimacy and influence with the division through
  - results with clients
  - innovative thinking
  - high risk
  - self sacrifice
- Present an extreme behavior pattern in order to emphasize vari-
  ance with the organizational norms, i.e.
  - job security is unimportant compared to personal values
    and professional ethics
  - increase tension through personal rejection of status quo
    in department
  - offer no compromises and take none unless absolutely neces-
    sary
  - communicate with Personnel only if sought
- Display commitment to own values, stance, and work rather than
  the organization
- Portray an image of extreme independence from the organization
- Insist upon being a separate function and upon different man-
  agement standards
- Expose their management to the theoretical concepts

The idea in changing the personnel role comes through the realization
that neither of them have the legitimacy to gain commitment from upper man-
agement. Only Personnel management would have the influence, "experience",

and accessability to the upper management, but it is necessary first to get the understanding and acceptance of the division management. Prior to JE Gary had operated almost completely autonomously.

Given the questionable survival aspect placement of O.D. within the organization is significant. They felt that the personnel department was best to enable them to operate freely in any number of divisions. They could have been accepted in the operations area but this would reduce their freedom within that division and limit opportunities in other areas. Certainly their long term goals called for access to all portions of the organization and they realized that acceptance would not yet be possible at any higher level.

Relationship of O.D. with Personnel

Much has been said about relations within the personnel department and some talk has been made about the O.D. group's strategy with regards to Personnel. It, therefore, becomes necessary for a more complete understanding to look at the developments in that relationship.

At the start of the JE, Gary had been working in the training section, a logical place for his skills training group. Included in that section was the management training group who felt that their realm included all managers. Therefore, JE, which looked at clerk level jobs, was of different status. As Marc began to get into JE and was also bringing Gary's knowledge up about O.D., they started developing their stance in the organization and in the division. At this time Marc had just gotten into the second JE area in the bonds department. It became apparent to all concerned that JE concerned itself with more than just the clerical level. It also seemed

to work with supervisory and section manager attitudes and behavior. Management training was both envious and threatened and began pressuring the training manager to take control of the group. Gary, though threatened by this pressure, resisted strongly. In February of 1972 a new division manager was appointed and was seen by Marc and Gary to be open to and capable of managing a change effort in the whole organization. To complete the triangle, Gary began to push for O.D. to become a separate function within the division. Naturally, his own boss (the training manager) fought this as 1) he didn't want to give the group up and 2) he didn't want to admit they were unmanageable.

The intent, of course, in becoming a separate function was four fold:

1) To become more independent
2) To increase exposure within Personnel
3) To increase validity and status with respect to the clients by appearing on the organizational chart
4) To separate themselves from those management training guys

This whole attitude evolved more as a result of 1, 2 and 4, than 3. The new division manager was asking tough questions of their boss about O.D. that they felt needn't be answered, and management training was beginning to try to sabotage their effort. Their reaction was to push back and to get in a position where they might have more control over their own actions and more influence with the division. In addition to this Marc and Gary began acting out their extremest behavior. This was after some success had been achieved in the first project, but to set themselves up as loners was to imply to the rest of the division, "We are doing something important; notice us and recognize their full implications, and maybe you can participate, too." Consequently, they clearly were perceived as taking a superior and unfriendly attitude. People used to smiling and talking informally with

one another found that they could not do this with either Marc or Gary. (Betsy, though, when she was there could and did relate to personnel people, another source of irritation to Marc.) Chris rarely had time to worry about such things since he had fully immersed himself in the JE project (bonds).

In the Fall of 1972 the group was suddenly shifted to manpower planning , a move not at all appreciated by the group. They had been under the impression (and this was part of the contract with Chris) that they were to become their own group. The tension was intensified by the fact that Gary did not get along with the new boss, and he could make no sense of their brand of O.D. After a brief flare-up, Gary (still the official group head) had very little to do with the new boss and nothing whatsoever to do with the division manager because they didn't understand him.

The new managerial situation was a source of great irritation to all concerned. Marc and Gary viewed the move as an attempt to being them under control and were not disappointed in their perceptions. The new boss, in trying to understand what was going on and learn how to manage them in a traditional way, tried to institute reporting techniques, objectives, and other managerial tools. All were met with resistance, either by the response, "We cannot be managed in a traditional way," or "We cannot evaluate clients or break their trust."

Chris reacted to this and his salary frustrations by beginning to withdraw from the group. He went to a four-day week to have time to look for outside projects.

Location, too, was a source of irritation. At this time they were moved to a new office space which was, in essence, an old storage closet -- to them another indication that the organization was trying to retaliate for

the aberrations. Even now, they have been relocated and are in the middle

of the rest of the benefits group. Speculation has been made whether this

is yet another attempt to either degrade them or make them communicate with

others in the division.

Some perspective should be imposed at this point in the narrative. It

seems apparent that try as they might to resist, the perceived politics of

the organization definitely affected the group. The state of affairs with

Personnel was such that they could draw symbolism and hidden agendas from

every move and communication made by their management. It also seems that

there was very little real communication. The fences had been drawn, and

misinterpretation and subtlety abounded.

This continued until after Chris left and the Bonds project was com-

ing to a close. The group wanted new projects in other areas and basically

felt they needed higher management's help in finding good areas. As can be

imagined, an understanding of what they and O.D. are all about is necessary

for any help. Neither Gary or Marc felt that their function was understood,

and the tension and pressure was put on Personnel management to free them as

a group again. Eventually, in Spring 1973, the division manager relented to

a certain extent and made them reportable to him, but did not make them a

separate department. This was not much better because Marc and Gary de-

manded time, understanding of O.D., and contacts in order to do something.

They also refused to get involved in minor projects or in projects that ap-

peared would fail. Somehow, an understanding of this was never reached.

The division manager, in an attempt to help them, sent them off to talk with

several people in the sales end of the organization where he had many con-

tacts. The typical mode was that he'd talk to the potential client and

"sell" JE enough for them to want to talk to Gary and Marc and then tell

Gary and Marc to go off and talk with this client. The client didn't know

what he was getting into and neither did Gary and Marc. Sometimes the sit-

uation did not meet their criteria for successful JE or even any other O.D.

The prospective clients never seemed to have the commitment to enter into

anything. The time available for understanding, much less help in finding

projects, was not available from the division manager, and the situation

worsened. This was interpreted as a lack of commitment to the O.D. function

by the group, so they increased their efforts to draw attention to them-

selves, by visibly working only part of the week.

Naturally, one sees two alternatives to this behavior -- either under-

standing is reached or people depart (little guessing is necessary). In

early summer, the O.D. group was told that there were no funds available to

continue supporting them and notice was given. So ends the story of our

saga -- or does it? Such does not seem the case.

In rummaging through their own states of despair, as would befit the

occasion, a plan was struck and developed. If the Personnel department

wouldn't have them, maybe the former and potential clients would. The plan

was presented to three divisions to jointly hire them. Sufficient work

should be available in those departments to keep them going and justify

their existence at the firm. Much went on behind the scenes at the director

level and above with the net effect being that it was up to one director.

Over a week went by before a negative decision was reached. However, by

this time, they had just been reinstated in Personnel for no apparent rea-

son. Much speculation is advanced as to precisely what did happen with no

clear answer. Ostensibly the reason given was that they were needed to do

JE in the stock operations area after the automated system was installed and to do some JE in the Services division. Interestingly, the JE in operations has not developed and neither of them are sure whether they are welcome in that division.

Post Mortem

What has ensued since the firing incident? Things went on much as before with little work coming in; however, implicit in coming back was the fact that work would be arriving from other places. A split occurred in the group with Marc's and Gary's paths diverging, to a large extent due to the firing incident. Marc felt (at least in retrospect) that Gary had pushed the stance too far. Gary in seeing the blaming and other actions decided to let Marc have the lead role. This reversal did not occur easily for either of them, but it was clear to both that Marc was perceived as the conceptual leader of the team. Both realized that there was little need for the protective role Gary had provided. A near complete split occurred, but eventually they started coming back together.

By late summer the reversal was completed and Marc decided to resume communication with their former boss, who at the time was putting together a proposal for a top executive training program. This has led to some, though far from direct, work with top management of the firm. Not long after this they were again put under the aegis of this former boss when he became the assistant division manager of Personnel. The basic stance towards Personnel has moderated somewhat with the result that they have embarked on some programs as a threesome. A generally more cooperative stance has ensued towards all aspects of Personnel. The tension has lessened in Marc and Gary,

but to a certain extent the paranoia is still high. They feel a lot more pressure to produce accomplishments and participate in nothing but successful engagements. In their minds this research project was seen as having high potential to give a different perspective to what has occurred.

Since the firing several things have happened outside of the Personnel department. Projects have started in two areas outside of the operations areas -- in the services (mail, steno pool, office planning, maintenance, etc.), and the corporate systems, and the Personnel areas.

In the services area work had been done previously towards setting objectives. All the department managers had gone to the MBO seminar and had worked on the division objectives as a team with Gary. Since the firing work on MBO has again started, this time with the participation of the division manager. The new task was to develop objectives at division and departmental levels for 1974. One of the objectives for 1974 was to implement JE in several different areas. A JE project was started in the printing and mail area, where a great many dull and mechanistic jobs existed. An approach similar to the one used in the bonds area was tried, but met with much difficulty both in implementation and in the quality control areas. As might be expected with something new, a drop in quality was experienced which was quite visible, markings being an aspect of customers service. Division management could not tolerate this; consequently, the project was retrenched by dropping the "all at once" method and concentrating on one area of the mail department.

In the systems area, one project was started. After the firing incident, the division manager decided to embark on an MBO project. It was in this that Marc and Gary's boss entered the picture. In this previous "prob-

lem" area, he could lend credence and/or stature to the effort. He can

more readily communicate with division level management since they are of

near equivalent levels. He also can carry the power necessary to induce

commitment, leaving Marc and Gary to be free of this concern and conflict.

This project is still in the early stages with optimism that it will lead

to some reasonable success.

The final development since the firing is the beginnings of an effort

to develop MBO methods within the Personnel division. (MBO has gotten the

commitment of top management and so many of the divisions are starting to

develop it.) This may prove to be an excellent chance for Personnel manage-

ment to find out what the O.D. group is about and how they work.

A Model for Consulting

In the preceding pages we have identified a consulting style that

should be amplified and clarified. While the central object is the actual

intervention several peripheral activities have been identified. These

might include the consultant's personal style, their actions to gain Per-

sonnel acceptance, and organizational acceptance. It would be helpful to

develop a representation of their consulting activities in model form.

Figure 7 is designed to show the interrelationships of some organ-

izational/consultant variables that occur through time. It is assumed

that the strategy and implementation, while important, follow other O.D.

models. What this attempts to show is the system-wide consulting model that

spans many projects. It is the model that seems to be operating in Marc

and Gary's attempts to gain validity and influence in the whole organization.

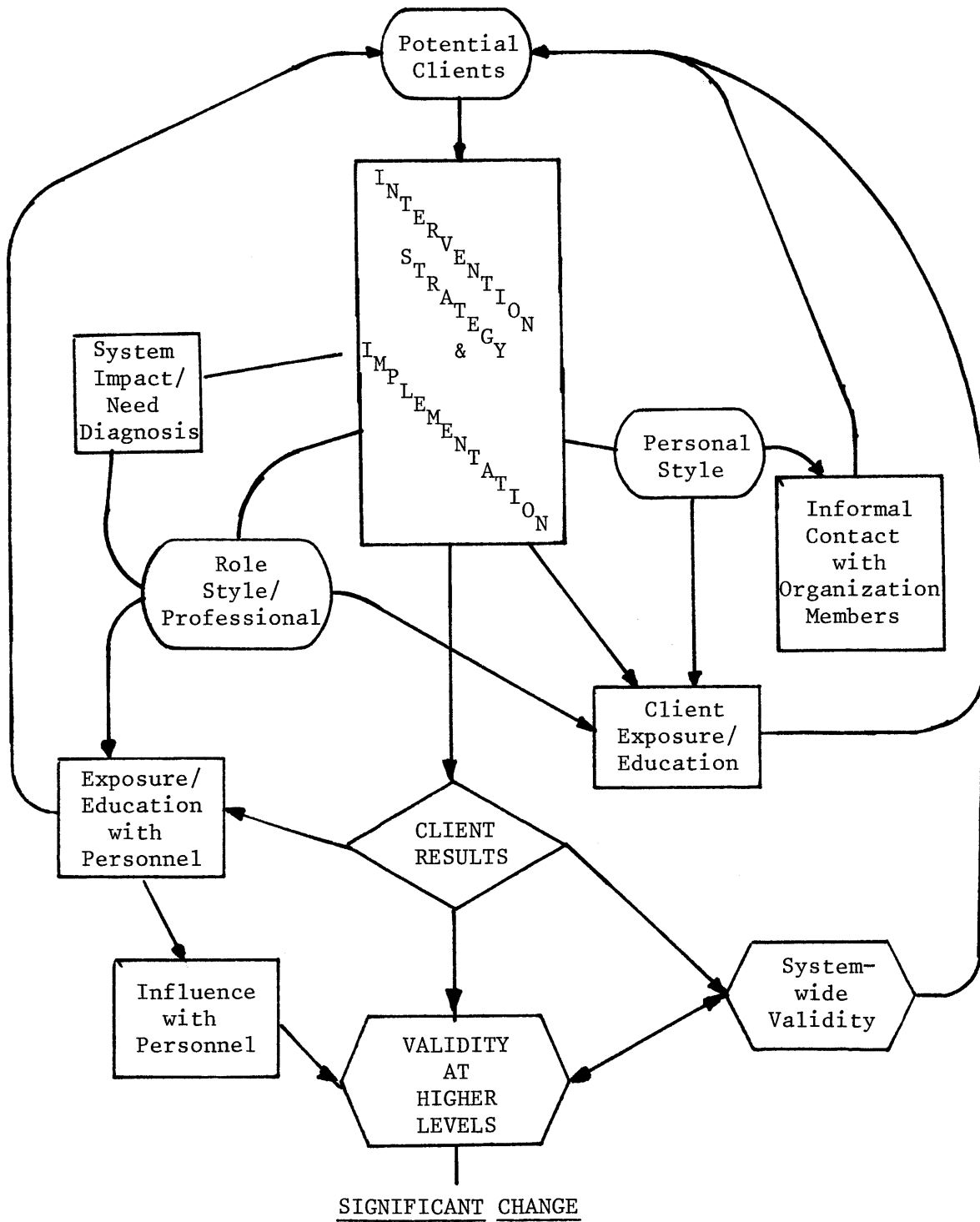Only the major interrelationships are shown. The variables are described

FIGURE 7: A Change Model: The Case Study

below.

Central is the <u>Intervention</u> <u>Strategy</u> <u>and</u> <u>Implementation</u>. This con-
sists of the formal planned interactions with clients. The JE, MBO and
team projects would all be included here. An intervention model may wish
to be substituted here. Kolb and Frohman (1970) have identified nine
sequential stages in the consulting process: Scouting, Entry, Diagnosis,
Planning, Action, Feedback, and Termination. This would actually describe
the case activities quite well.

Integral to the consulting is a <u>client</u> system and the consultant.
These are the people who form the interaction. The consultant behavior is
separable into two parts -- his <u>professional</u> <u>role</u> (O.D.) <u>style</u> and his own
<u>personal</u> <u>style</u>. As a professional he has training and has a set of stan-
dards, normative values, tools of the trade, and goals. His personal style
will dictate which of the normative values and goals become actual and
which additional ones are used. For example Marc's opinion of learning is
a personal one and therefore causes certain consultant behavior. Also,
Gary's original goals for an empire come out of his personal style. In the
consulting relationship the two cannot be separated in reality, but this
seems to be a useful distinction.

Outside of the consulting relationships, the personal style creates <u>in-
formal</u> <u>contacts</u>. In this case this seemed to be an important part of their
process. They often met with clients informally to discuss issues other
than client. There is also a certain amount of contact with other organ-
izational members. From these contacts might come future clients.

As part of the scouting process in consulting Marc and Gary do a
<u>System</u> <u>Impact/Need</u> <u>Diagnosis</u> of the potential project. This is to gauge

how much impact it will have on their long term goals. They have no de-
sire to get involved in projects that will have minor impact. Their whole
relationship with clients comes out of these long term professional goals.
It is intended to Expose and Educate about the usefulness and application
of O.D. Since Personnel is considered to be a permanent client they are a
separate category. Their whole stance with Personnel suggests that the
educational goals are different.

Influence with Personnel comes from the stance and from the client re-
sults (the Feedback stage) to the extent that they are positive results.
Their particular stance must have these client results since the stance a-
lone would have highly detrimental effects.

For long term success they need two types of acceptance -- both System
Wide and High Level, which will come from client results. The validity at
high levels actually is considered more important, but it will be slow in
coming without any organization support at middle levels. The Personnel
management will also have effect on the upper levels since it is their
circle of peers. It is only with top level acceptance that significant
change will occur.

The potential clients come from several factors. Personnel may find
some, but only if they understand the necessary conditions. Or they may
come from direct exposure and education or by the fact that they've heard
of other successful projects. It should be noted that the model is closed
loop and therefore works best with an exogenous input. This may come in
the form of an external consultant bringing in a new technology thus form-
ing probably both potential clients and high level validity.

APPENDIX TO CHAPTER III:

Timetable of Events Referred to in Case

Time	Event	Page
1970 Nov.	Gary was hired by firm to set up Jobs 70's program under government funding	35
1971 Mar.	Gary was responsible for all of skills training in firm (mostly in operations)	36
May	First exposure to Job Enrichment (JE) from outside consultant firm	37
Summer	Feasibility study and proposal	37
Sept.	Selected first area for JE in stock operations	37
	Hired Marc for JE program	36
	JE offsite seminar for stock managers and supervisors	37
Oct.	Began to conflict with management training area	61
1972 Jan.	Division manager in operations goes to planning system seminar (similar to MBO)	41
Feb.	Betsy hired away from management training	52
	Marc and Betsy start her training in new JE project in dividends processing area	37
	All other operations managers attend planning (MBO) seminar	43
	Structural change in operations forms stock and bonds groups. Puts two independent managers in direct competition with one another	37
	New division manager in Personnel	61
Mar.	Bonds group manager requests JE for his group. Was persuaded that first step should be team development and MBO	43
April	Started team management concepts in bonds group	43
	New management training group presses to take over O.D. function	61

Time	Event	Page
1972 Summer	Direct conflict between JE and automated system in stocks area	37
	Started Job Enrichment in Bonds Cashiering	44
Aug.	Hired Chris for bonds JE effort	47
	Decision to go with automated system in stocks but with raised floor to permit future JE work. Bonds rejects automation in favor of JE.	38
Sept.	O.D. group exempted by cost cutting program, encouraged to hire more.	53
	O.D. came under Manpower Planning manager. High conflict, especially Gary, with him. Restrained Operations Division middle management from intervening.	62
Oct.	Management training pushes to do O.D. type work in branch system.	
	Chris begins pushing for own projects; direct accountability.	56
	Bonds team management finalized their proposed reward system.	50
1973 Jan.	Preliminary discussions with information systems division on JE and MBO.	42
Feb.	Arranged to interview all department managers in systems area.	42
	Chris does JE diagnosis in OTC area and starts MBO	42
Mar.	Chris starts objectives with services area.	42
	Chris fired from O.D. group.	56
April	Feedback session with systems division manager and assistant. No further action.	42
	O.D. presses to attain organization chart status as a group.	62
May	O.D. group changed. Reports directly to Personnel division manager.	63

Time	Event	Page
1973 June	Marc experimented with alternative JE approach in OTC operations.	42
	Marc and Gary begin conflict over O.D. group management.	
	Talked over potential projects with sales side division managers. Initiated by Personnel manager.	64
July	O.D. group fired.	64
	O.D. group reinstated after political maneuverings.	64
Aug.	Marc becomes primary spokesman for O.D. group.	65
	Started JE in services division.	66
	Marc initiates cooperation with Manpower Planning manager (their former boss) for executive training proposal. Pushes to being in outside consultant.	65
Nov.	Manpower Planning manager becomes Assistant Division Manager of Personnel.	65
	O.D. group moves accountability to Assistant Division Manager of Personnel.	65
1974 Feb.	Begin MBO work with systems and services division with help from assistant Personnel manager but with O.D. group stimulation.	66
Mar.	Begin MBO work with Personnel Division Manager.	66

ORGANIZATION DEVELOPMENT IN THE FIRM: HOW THE CLIENTS SEE IT

This chapter will look at the O.D. programs from the client view-
point, to determine the successes and limitations of the program
and the practitioners in several aspects. The interview data
separated clearly according to hierarchical level -- upper, middle,
and lower. The viewpoint of approach, expectations, implementation,
and the results are markedly different. The view of Personnel
management is also considered as separable since their issues are
more that of management of the group.

Research Objectives and Strategies

In the initial talks with Marc and Gary a definite mode or strategy of

operating was making itself apparent. This has been discussed in Chapter III.

The research needed to go beyond that to determine the validity of their

approach for a brokerage firm. It was determined that the client's view-

point and evaluation would be valuable to substantiate the strategy and to

evaluate its effectiveness and impact in several different areas. For this

as interviewing approach was selected. Primarily, the objective was to get

valid information from them. Structure would be important in light of their

task orientation, but unstructure was just as important to elicit important

peripheral information.

Several areas were important in designing the questionaires for the

interviews. The interviewee would clearly need to know the following before

talking with me:

1. Objectives of the research
2. Use of the data
3. Ownership of the project

The objectives were stated clearly as:

To evaluate the approach used by Marc and Gary
To determine the relevence of O.D. to their work
To determine the usefulness of work to the firm
To determine the impact of the business environment on this work

To obtain valid information confidentially, the study was authorized

by the Personnel division management. A memo, sent to all desired inter-

viewees by the division manager of Personnel, stated what was desired from

them, the proposed topic areas, and introduced both me and the agreement I

had with the Personnel management (see Appendix I). The discussion would

remain confidential and the information would be compiled into summary

form. This contract was repeated again at the beginning of almost all in-

terviews. Twice this contracting was omitted, and both times it seemed to

hinder the openness of the interview and decrease the validity of what was

said.

The flow of the interview was important in designing the rough question-

naire. I wanted to get the clients' impressions of the working relation-

ships at the beginning, throughout the project, and their present opinions.

Also, the aim was to determine their view of the results at the time and the

translation to the present. To separate the thought and reactions at var-

ious times the format shown in Appendix II was generally followed. Hence

the flow desired was:

| Intro. | → | Beginning Relationship | → | on going process | → | current reactions | → | future plans |
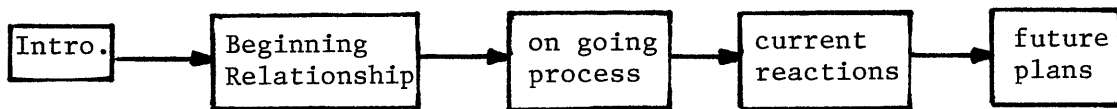
The questions tended to focus on practitioner style and emphasis placed

on the programs, since this appeared to be central to Marc and Gary's stra-

tegy with the clients. Data on all the secondary effects of the interven-

tion would have been desireable, but it was felt that this focus could not

be obtained from the client's perspective.

Overview of the Interviews

The people chosen for the interviews comprise a cross sectional cut of

the parts within the departments where work has been done. This means that I selected people who were directly and indirectly involved in the projects, and those that at the onset appeared would give both positive and negative evaluations. In the operations area the major characters were interviewed and some major ones in the half of the division that had no work. Structurally it would appear as in Figure (as it was when they first started work).

Other interviews included the following:

    Assistant Division Manager, systems
    Division Manager, services
    Assistant Division Manager, services
    Assistant to the Division Manager, services
    O.T.C. Manager, operations
    Division Manager, Personnel
    Assistant Division Manager, Personnel
    Manager of Training, Personnel

An objective of the questioning was to determine the characteristics of the environment. I found this a difficult area to cover, partially because of the lack of perspective and the time constraint of one hour. However, some comments about the interview experiences give some interesting insights.

Experiences During the Interview Process

One member of top management made an appointment just as I arrived. Twenty minutes later I was informed that he had to leave for an important meeting. He would call me when he returned since I pressed him for more time.

A member of middle management received three phone calls and dictated two letters prior to starting the interview. We were interrupted to have him check the letters.

A middle manager was not there when I arrived. I was informed that he had another meeting with managers of his organization scheduled at the same time. I had to reschedule.

Division Manager

Assistants to the
Division Manager

Assistant Division
Managers

Group Managers

Department
Managers

Section Managers

Supervisors
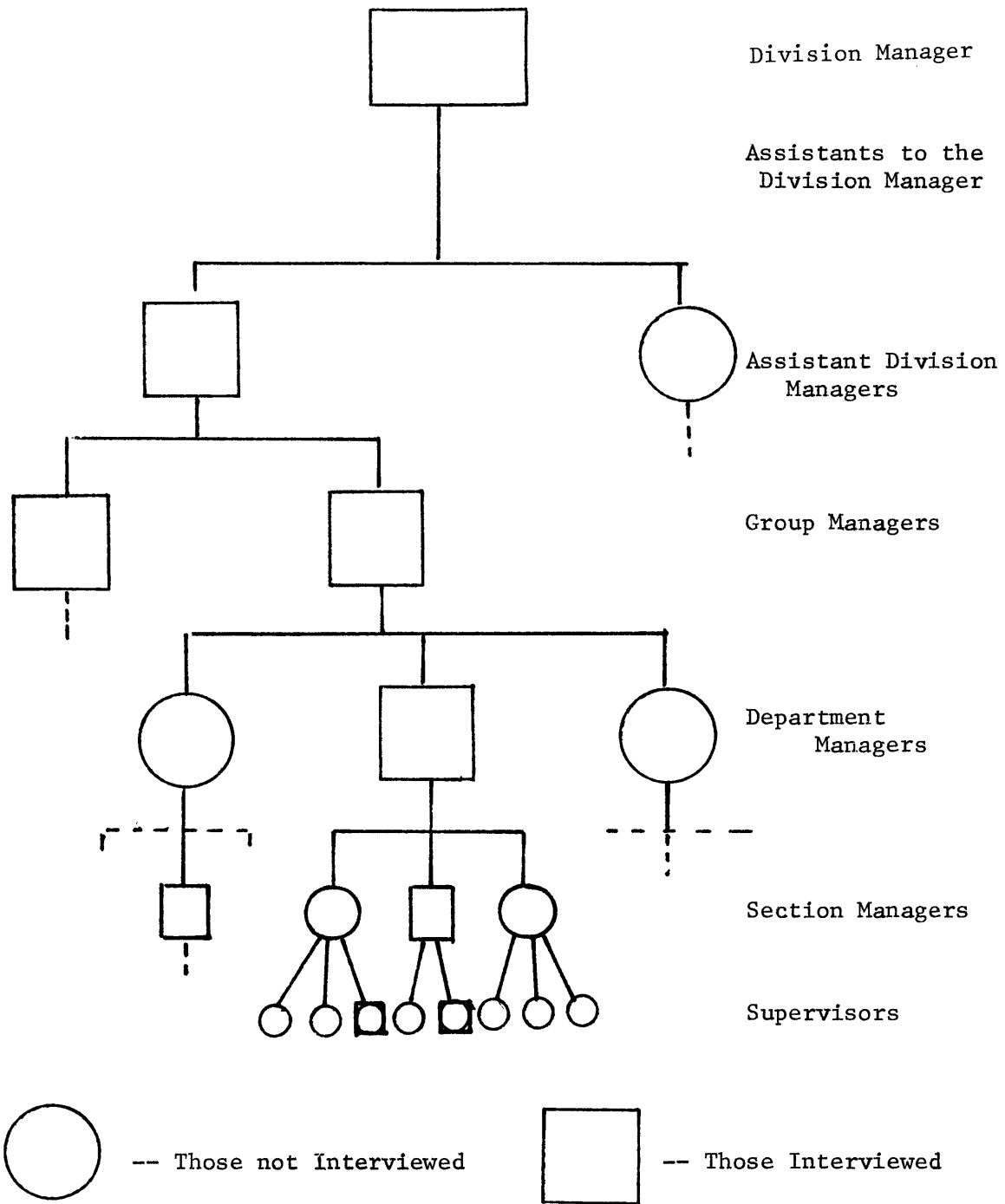
— Those not Interviewed   — Those Interviewed

FIGURE 8: Operations Division — Interviewed Managers

A top management person was 30 minutes late for the appointment.

A supervisor took roughly seven phone calls during the time and ran off to clear up the operations on several hundred thousand dollars worth of bonds that had been misfiled by a dissatisfied employee.

A middle manager, when I showed up 10 minutes late due to excess time with another, informed me he had to leave for a meeting in 20 minutes. He left 50 minutes later (the correct meeting time according ot his calendar and my request for time).

On the whole I usually had to wait 5 or 10 minutes for the people to get back or free their schedule.

One manager talked about the weekly profit analysis to another.

Division management is generally on the same floor but separated from department managers. The office size and decor is definitely proportioned to the title.

These experiences indicate to me several things. The time pressure is horrendous. Though I have experienced the pressure in other organizations, nowhere has it been so consistent. It might be that my interview was relegated to a low priority, but I doubt that was the reason. The five-minute late syndrome abounds and it seems that managers think nothing of having people wait. Response is immediate, schedules may be reshuffled if a higher priority person makes a demand.

The business is conducted by phone. A very substantial amount of time is spent on the phone by many managers and supervisors. The company paper typically shows people talking on the phone. But the number of meetings is not low, which means there is a tremendous need for interpersonal skills on the job.

The hierarchical level seems to be important. It is clearly exhibited in the office size and furnishings. The division managers' office was always in the corner. The response to higher levels is significant. The fact that all managers would respond immediately to their boss indicates the

style of management; a high probability that it is not participative.

In the following pages the client data is presented and analyzed. The objective is not only to describe the client reactions but also to develop from these the inferred approach and strategy as used by Gary, Marc, et. al. The interviews separated easily into four groupings -- upper, middle, and low management and Personnel. Each grouping shares a more common viewpoint within itself than with the other groupings. Each seems to have its own way of approaching a situation and has its own concerns and managerial style.

Middle Management -- Department and Group Managers

What is O.D.?

O.D. is seen by the managers mostly as a way of looking at managerial styles, techniques, and processes. It is seen as promoting a team approach to management and as developing group decision-making as well as individual skills. It is the application of more modern management methods and is a way to get away from the management by crisis and firefighting. In some instances it is similar to training except that it is on-the-job. The major difficulty in this or in any training is that no one is sure what type of management style is expected from top management. Therefore an O.D. program has to have the commitment of upper management at least up to the division director level and really should come from higher. That commitment should take form not in just talking about it, but actually doing something.

Goals -- Reasons for Embarking

Generally, people started the efforts because they saw better management coming from it in some form or other. Mostly, management is seen as one-on-one style and this presented a way of moving toward more modern tech-

niques using team and participative approaches.

In MBO, they saw a way clear of the present firefighting method. By setting objectives and working those, it would be possible to achieve more objectivity in managing. This could be used as a method of evaluation of managers. In the present form, the organization rewards personality (after all it is based on a sales network and all directors are from the sales area). A way clear of that was seen to rewarding people for the results they achieve. It was also apparent that the results could be managed through the objective setting process instead of just controlling the work methodology. Some went into MBO because top management was moving towards it and it would facilitate communications and planning for the following year.

JE was appealing because of the higher productivity. There was the clear realization that mundane jobs existed at the clerical level in addition to there being a high error rate. In a general mood of experimentation, this was something new and it seemed to make sense from the standpoint of the clerks. They previously were not recognized, couldn't identify with the firm, and there was little way to be motivated given the nature of the job. This came about through the rapid increase in volume in the late 60's. The only way they (management) knew of handling that was to divide the jobs and add bodies. The rapid need for people meant that little time was available for training, a factor exacerbated by the high turnover of people. This would provide a way of correcting the deficiency and of setting up proper training.

Perceived Approach

For JE the dominant approach seemed to stress productivity and greater job satisfaction resulting in lower turnover and fewer errors. The people

saw a lot of the Herzberg motivation theory which talks about recognition and perceived job value to the firm by setting up natural units of work. Lower costs through fewer people were seen as a benefit but this was not pushed by Marc or Gary.

To implement the JE, the team approach seemed ideal. Marc stressed the ability to make better decisions through openness in groups and better interpersonal relations. A participative team approach would also serve to increase the commitment of the subordinates and would produce more risky but higher return decisions. This also would be a natural way of introducing MBO.

Implementation -- Their Perceptions of Practitioners

Three people were in the efforts -- Marc, Gary, and Chris. The middle managers had little contact with Chris. Marc and Gary helped the groups some and they hurt them some. Where they helped was to keep the groups on track and working towards the goal of the meeting. They were able to develop openness and a sharing of problems on which the group could work. Marc helped in making group decisions. Some saw them there initially to be a teacher in the theory. They were there to help the team analyze itself and the meetings. To do this, they urged the team to pick a minor item to work on and discuss to set up conditions for task success. Later the team could move on to larger items. Marc and Gary would retreat somewhat and tended to become observers as the group assumed the responsibility for analyzing and keeping the meetings moving toward the goal. Occasionally they would become involved in the decisions being made.

Marc tried to be a catalyst to get the group to work harder and riskier. He would add a different dimension by trying to get the groups to look

at what they were doing. He tended to drift into theory, but this was good because then the team would know that something wasn't going right. He wasn't as helpful as he could have been because he was going through too many mental exercises. Because of this he wouldn't always keep the group on the track. On the whole he was definitely very dedicated to the theory and implementation of it.

Gary was obviously more into the politics of the firm and seemed constantly to be subject to some sort of mental grief about it. He was trying hopelessly to tie the automation with the JE and would play both sides. This is somewhat destructive.

Chris did a good job with analyzing the groups. He tended to be much less of an observer and helped more than Marc did in keeping the groups on track.

Results

It would appear that many of the results are at the conceptual and behavioral level. Some learned that people cannot be forced to do things, that they must accept it first before action will really occur, and a good way to do this is by noticing people. The team approach did this with the supervisors. The team approach apparently has had some effect on their own behavior, too. People feel that they are less one on one now. The framework helped to identify the problems in the organization. It became easier to communicate with one another and hence get rid of some of the politics and backstabbing. With the MBO system managers can now manage what needs to be done instead of how to get it done.

But many problems were created at the same time. The time commitment was great. There was a feeling that a sense of the daily operations became

lost, and there was much less contact with the branches. With all the inquiries getting pushed down people lost touch with what was happening. The meeting atmosphere became so comfortable that the managers actually tended to shy away from "outsider" contact. The team atmosphere was entirely different from the corporate one. With the constant conflict there was a tendency to revert back to the old style after a while. Now in many areas this seems to have occurred.

In general some of this occurs because of the lack of support from upper management. Many of the ideas the groups generated were never accepted, and even with the MBO system being installed in many areas, there wasn't the commitment to use it as an evaluation tool for the managers.

JE seems to have met with varied success; it lasted in some areas but not in others. At any rate there is a need to constantly defend it to upper management and to the auditors. The auditors definitely don't like having processing and control people sitting together. Upper management just doesn't understand. In the successful areas there has been as much as a 33% reduction in manpower with an increase in volume. In another there actually was as much a reduction in manpower as projected with the automated system. The satisfaction was higher, too.

However, this was the source of many of the problems. JE became equated with staff reduction and the people no longer had the security in their jobs. The terminology was overused and actually came to have negative connotations. In some areas, though, it was the actual jobs that created the problems. Some of the new jobs were too large or infeasible to combine. For instance one combined job had a clerical person running between floors several time a day, which was just an additional burden.

Also, the lack of follow through in some areas on wage upgrading created severe frustration. Some of the areas where the program was stopped intend to start the effort again when there is less of a volume crush.

Lower Level Supervisory and Section Managers

This, in a lot of senses, is where JE takes place. It is at this level that the commitment is truly necessary to get things done, and it is here where a good deal of the job design effects will be produced. The level separates itself from the others on several aspects. The people have an extremely limited organizational perspective (although some wouldn't admit it). The actual concern for people and for job meaning is very high at both of these levels, in sharp contrast to the next level up. The exposure at this level was primarily to JE, but the strategy called for diagnosis, planning, and implementation to be carried out by teams comprising the section managers and his supervisors. At a later point they were also concerned nominally with some MBO in the team framework again.

Initial Perceptions of the Program

The first exposure to Marc and Gary, and the concepts occurred at the office seminar. It was optional to them whether they were to continue. All reacted favorably to the concepts (motivation, motivators, hygenic factors, management theory). Some saw it as a formalized method that captured their present operating state or their desired present state. To others, the ideas seemed to be "right". Some that I didn't interview apparently were threatened, primarily by what they saw to be loss of control.

The method and concepts were seen as able to give more meaning to the assembly line jobs and would result in better jobs. There would be some

reevaluation of the jobs and the compensation as well as some of the struc-
ture. The effect would be to produce fewer jobs because there would be
less duplication and higher productivity, but these people would not be
eliminated. They would be placed elsewhere in the department.

Implementation -- Perceptions of Program and Practitioners

At the seminar both Marc and Chris seemed to flow with the groups.
They did not seem pushy and would go along with the priorities set by the
group. At the team meetings, they were initially highly critical of the
group in their summary at the end,in getting the group to look at what was
done and how, and in how the decisions were made. As the group became more
self-critical on these dimensions their role reduced. People became more
vocal and task leaders were appointed to assure that agendas were completed.

During the meetings Marc was seen as a buffer and a devil's advocate
type person but he still would give backing and support. If nothing was
happening, he would become impatient and push for more risky decisions.
Some saw him as creating pressure to move faster, others didn't. He was de-
voted to the concepts. As an outsider he was not trusted to know a lot of
the detail, but that didn't matter to some. But most of the time he seemed
to be straight forward although somewhat aloof. Chris was seen mostly as a
participant although sometimes he would play the expert role on theory.
Though he played a major role in the projects, it seemed that he was not re-
membered as clearly.

The people saw the firm's commitment in various ways. When the cost
control program came through the emphasis in JE shifted toward the personnel
reduction and elimination viewpoint. Naturally many viewed this with mis-
trust, especially in the areas where a wage upgrade proved not to be forth-

coming. On the other hand, in an area where expenditures were made for cabinets necessary to the enriched jobs, the program was viewed with favor. Also the commitment of the supervisor could offset the upgrading failings.

Results -- Initial and Continuing

Overall JE seems to still be going on formally in two of six sections. Informally it is continuing in another two sections. However, even in the formal areas not all of the supervisors are continuing the effort. The most cited reason for discontinuance of the effort is that the jobs created were too large. In some cases it was plainly infeasible; in others, the work load got too heavy to adequately train people when others left. For the most part the measurement of results has been inadequate, due mostly to lack of prior measurements. The turnover has dropped but in those areas where there is heavy work turnover still exists. This is attributed to the erratic and long hours that are necessary. The quality of work has improved. Inadequate training and personnel are cited failures of the program, and some of the clerical people lacked either the basic skills required of the more responsible job or lacked the training.

In some cases the supervisors lacked the ability to manage the new situation whereas others tried to use it solely for personal gain and only paid lip service to the whole thing. Many, though, found it a structured experience that facilitated developing better relationships with their subordinates and bosses. The result has been more introspection and a greater willingness to confront one another plus a means of communicating on the same wavelength. Some have had their time freed and are able to be concerned less with crises and more with management. On the whole, the team effort has diminished, especially with the middle level, and the MBO effort

is slowly receding. Those in the higher level meetings (with middle mana-
gers) see less team interaction and more traditional boss/subordinate rela-
tions. In some areas the meetings seem to take too much time away from the
jobs and hence many are cancelled or simply not attended.

Upper Management -- Division Managers and Their Assistants

What is O.D. to Them?

The top managers have varied views of O.D. Many of them seem to know
it only as JE and hence generalize it in those terms, while others think of
it in terms of MBO terms since that is the exposure they have had. For in-
stance some of the people think that O.D. is basically job and role defini-
tion. At the lower levels it works to create responsibility and hence
higher productivity. Towards the top, if it is at all applicable it would
serve to clarify what are already broad responsibilities. In the end it is
only a way of increasing productivity, but measurement of this is a must.

Some of those in the upper levels have a more expanded view. O.D. to
them becomes anything relating to management where outside or organizational
expertise is required. It becomes a way of improving the managerial prac-
tices and utilizing better techniques. In this way, it then becomes a fun-
damental responsibility of line management.

Perceived Approach of the Programs and the Practitioners

Marc and Gary are not clearly understood by top management. They don't
appear able to communicate at the same wavelengths. They (Marc and Gary)
are seen as very dedicated to the theories and knowledgeable, but it seems
to end there. There is not a strong link with practical experience or ap-
lication. They are not always able to tie in political realities with the
work, although Gary is seen to be politically astute to a point. With MBO

work they push the benefits of better management and of having clear objectives. With JE the emphasis is on productivity, cost savings, and efficiency. Some emphasis is placed on increased satisfaction, recognition, and responsibility, but this is secondary. It is clear that with more recent programs emphasis has been placed on getting and showing commitment at the top.

Progress to Date

No programs have been finished where this level is involved. In many senses the programs were going through a recontracting cycle. So it might be expected that some of the opinions would be in a state of transition. There are mixed feelings amongst the top managers as to the success of the JE programs to date. Not too long ago the general reaction in these levels was favorable but now that is changing toward the skeptical. The inability to relate to the top and their "real world" leads to some impatience. The time demands create a real burden to them; they cannot think of having 1-2 hours set aside weekly. Much discussion was spent with the measurement aspects, so the necessity of measurement cannot be downplayed. The managers want to see and to quantify all these benefits that are indicated. Preferably they would like to see these estimated to have some idea of what results to expect.

Personnel Division Managers

The Personnel division, being a major focal and origin point for the work of the O.D. group naturally contains very different data from the client groups. For this reason it is important to separate it from the client data. In this way we can compare it to the aims of the O.D. group which

viewed Personnel as a separate client group. The data falls into two sep-
arate categories:

1. As a process -- understanding and critique

2. O.D. as a function -- organizationally and within Personnel

Organization Development as a Process

Basically, organization development is a process of change that has as
its goals the increased efficiency of an organization through greater con-
cern for the way in which people are managed and jobs are defined. Most
thoughts center on job design aspects -- that the O.D. process involves
analyzing work, satisfaction, relation of people to their jobs, with the
premise that more responsibility creates more efficient and effective work
through greater satisfaction and recognition. At the upper levels of the
hierarchy responsibility cannot be increased without usurping it from others
at the same level. Rather than increase responsibility, there is a need to
clarify the responsibilities more precisely.

The implication of this is that job design work can only be done at
the lower levels, presumably because it is less threatening to increase
responsibility by combining functions. As a process, it can achieve better
performance measurability, hence get the responsibility that will motivate
higher production. In all this the employees become more satisfied in their
work. The success of this process is dependent on being able to work with
people in looking at their own jobs.

In as yet an unclear manner, this work relates to an overall plan to
organizational improvement. What that means or how it happens is not sharp-
ly defined, but it is definitely a necessity that the process be translated

with the upper management. It certainly must be a long term process and hence should involve only the larger systems and projects. The fact that the concerns and approaches at the upper levels are different from those at the bottom makes it clear that the process has to be different when working with that level.

The above views have some implicit questions about the process of organization development as utilized in the firm. The major difficulties lie in reconciling the process with the various environmental factors as described in Chapter II, such as the lack of volume predictability, the short cycle in the work. The most pressing problems arise with the management styles and functions at the different hierarchal levels.

At the higher levels there seems to be a communication gap with the managers. They (Marc and Gary) cannot preach to these managers about theories and ideals. The process must appeal to pragmatic minds which implies having more business empathy than they now practice. It would seem that better approaches must be used. For instance, division managers are not interested in being told that they should expect lower productivity before getting improvement. It makes no sense to do this. An insistance on time commitment does not make sense. For instance, to set aside two hours a week to work on seemingly idealistic things is not really possible.

This is not to say that the process cannot work. Somehow they have been the only ones around who have created lasting changes in the firm. In the process of getting people to look at their own jobs and finding new ways of defining them, there can be designed into the jobs a better understanding of how performance can be measured. This will be good for the firm's improvement. The process is aided by Marc's and Gary's sincerity in

their beliefs, but it is hindered to the extent that they cannot work with

the politics. There is now an awareness of how extremely important it is

to have Personnel support the process.

Organization Development as a Function

The basic approach of the function should be efficiency. This is the

one most important thing, but Marc and Gary seem not to realize the full im-

portance of this practicality. The negative view of a short term decrease

in productivity implies that consideration must be given to producing short

term results and capabilities to measure them. Knowledge of the client's

business and greater awareness of organizational information is probably

necessary.

To become effective in the firm several things should happen. There

needs to be more people working in it to get better coverage and it natural-

ly should move up the hierarchal ladder in the working relations. But clear-

ly Marc and Gary are not able to do this effectively yet. The advantage of

having the assistant division manager of Personnel work with them is that he

can relate to these higher levels now and give Marc and Gary practice doing

so. In addition he can provide some added weight in confronting clients

and for assuring that Personnel has some commitment to the function and pro-

cess. This has shown that the management of Personnel do need to lend some

help in the process of finding clients, but there is not much time for them

to do this. While, from an organization development point of view, the

function might be better off attached to a higher level in the organization,

their inability to relate to upper managers and Personnel management only

indicates that the management problem would be transferred up the hierarchy.

Ideally, the function should be more closely integrated with the others in Personnel such as to present a broader approach, but they have not shown themselves capable and willing. For instance, they adopted, apparently purposely, a non-friendly approach. They would not acknowledge or cooperate with the other people in the department. Their instant dislike of the training people is simply inexcusable. All this only exhibits an inability to work with a wide variety of people in a function that requires this.

Further, the management difficulties they have caused don't seem useful. Their messianic approach to the field and the Personnel management only creates misunderstanding and puzzlement. The shifting of their management to the manager of benefits (now the division's assistant manager) was with the intention that perhaps a behavioral scientist, which he was, would be able to understand more fully what they were doing and trying to do. But for some reason Marc and Gary viewed his attempts at understanding a form of gaining control over them. When they insisted on moving into a direct reporting relationship with the division manager problems were only intensified. The time demands were unrealistic and those pressures coupled with the additional pressure that they created by not communicating with anyone made them expendable when budget cuts were necessary. It was only because the other divisions said they could use them that it was decided to retain them.

To succeed in the division they need to show that they can work with both upper level management and lower level. To attain the unqualified acceptance and a role in the information and decision process of the division, they need to exhibit the worth of O.D. and themselves in the programs currently being conducted in the Personnel division (the objectives and future

team development work).

ANALYSIS OF THE CASE: SOME SUCCESSES AND FAILURES

How should the efforts be evaluated? Definitions and goals of O.D. are presented as well as some criteria for success and failure of O.D. programs and practitioners. From these the most important ones for this case are selected to texamine in greater detail. Particularly relevant comments are extracted from the case material to create an evaluation of the approaches and strategies used.

To this point we have looked at three viewpoints: the environment, the consultants', and the clients'. But now the question is: What does this say about organization development and brokerage firms? This has not yet answered the questions: What relevance does O.D. have to brokerage firms? What intervention strategies and techniques are possible in that environment? What are the conditions for success, or conversely, what conditions cause failure? To answer these, we must begin to evaluate the case study. To have value, consideration must be given to the above questions in the evaluation. We shall not attempt a detailed analysis, but a more general one. The purpose (and true value) is to use this case as a basis for determining the answers to these more general questions.

Cursory examination of the case indicates that there is not likely to be any new conceptualization to be discovered. Rather it indicates modifications to existing thought in the field of O.D. From this standpoint, then, we can look at some of the existing literature for guidelines and criteria against which we can develop the evaluative analysis. Since it is apparent in the case that the individual roles and styles cannot be explicitly separated from the intervention strategy the following framework is presented.

1. What does organization development mean?
2. What are the goals of O.D. as a discipline?

3. What are some conditions that cause failure?
4. What are the conditions for success?
5. What are the characteristics necessary for practitioners?
6. What kind of criteria ought we measure?

A Definition of O.D.

The most commonly used definition of organization development is

Beckhard's (1969). It is:

> an effort (1) planned, (2) organization-wide, and (3) managed
> from the top, to (4) increase organization effectiveness and
> health through (5) planned interventions in the organization's
> 'processes', using behavioral-science knowledge.

French and Bell (1972) essentially see it the same way but with empha-

sis on problem solving and action research.

> O.D. is a long-range effort to improve an organization's problem-
> solving and renewal processes, particularly through a more effec-
> tive and collaborative management of organization culture--with
> special emphasis on the culture of formal work teams--with the
> assistance of a change agent, or catalyst, and the use of the
> theory and technology of applied behavioral science, including
> action research.

Bennis (1969) has yet another description that includes a few other

variables.

1. It is an _educational_ strategy to bring about a planned organ-
   izational change.
2. The changes are coupled directly with the exigency the organi-
   zation is trying to cope with.
3. It relies on an educational strategy which emphasizes experienced
   behavior.
4. Change agents, for a variety of reasons, are for the most part
   external to the client system.
5. There is a collaborative relationship between the change agent
   and the constituents of the client system.
6. Change agents share a social philosophy which shapes their
   interventions and strategies.
7. They share a set of normative goals based on their philosophy.

Many of the undertones are the same with differences usually only

exhibiting the difficulty in expressing a complex discipline in a few words.

Most practitioners focus on the fact that the effort must be accepted and

led from the "top of the system" where the system represents either the

whole organization or an <u>independent</u> subsystem at the very least. This

philosophy has come under attack especially by internal change agents

who may not have this accessibility or by those whose social philosophy

creates ethics contrary to the organizational goals, especially those

with bottom-up change goals.

First, I would maintain that unless the primary client is at the top

of a managerially independent subsystem the change agent should think twice

about his programs. It may be that they are only training programs with

no real planned change goal for the organization. Careful consideration

must be made of the goals of such programs.

Second, if organization development efforts serve only to increase

management's ability to manipulate the workforce (a common criticism), then

the intervention strategy has been inappropriately applied. In other words,

if implementation causes criticism there is a good chance that key people

were not brought in on the planning and implementation or some basic errors

were made on the design.

Goals of O.D. Programs

In Beckhard's view the normative goals of O.D. simplify to the following:

- to develop a self-renewing, viable system
- to optimize effectiveness of both stable and temporary systems
- to move toward collaboration and a reduction of competition within the organization
- to produce conditions where conflict is brought into the open and worked
- toward an organization where decisions are made on the basis of information source rather than the role in the hierarchy.

Conditions for Failure

Failures are usually more easily identified than are successes. (One usually criticizes before one praises.) For this reason, we shall consider some of the conditions that cause failure. These help identify where the more common problems occur. In his extensive experience, Beckhard has identified twelve common conditions for failure of efforts. (The starred ones are most applicable in this case.)

1. Continued discrepancy between top management statements of values and styles and their actual behavior.
2. A large program of activities without any base of change goals.
3. Confusion between the ends and means of a change effort.
* 4. A short time framework.
* 5. No connection between O.D./behavioral science and management science/operations research change efforts.
6. Overdependence on either outside or inside specialists.
* 7. A large gap between change efforts at the top levels and those at middle levels.
* 8. Trying to get major change into an old structure.
* 9. Reliance on cookbook solutions.
10. Confusing good relationships as an end rather than as a condition for planned change.
11. Applications of inappropriate interventions and strategy.

Kolb and Frohman (1970) have observed that failure or fear in evaluating ongoing consultant interventions lead to a continuance of inappropriate interventions, and also a failure to anticipate consequences of a particular strategy leads to failure of the effort. French and Bell (1972) state that:

> We think that any O.D. effort that increases the performance of organizational members and ignores the total pool of rewards accruing to the system will be self-defeating in the long run.

Many of the above conditions would seem to emanate from an unclear or hidden contract with the entry client or simply an inappropriate entry client. Of course failure may occur when the conditions for success are

not met. These are not meant to be all-inclusive; they are more specific
than the conditions for success.

Some Conditions and Criteria for Success

In their experiences, French and Bell (1972) see the following as
important to a successful effort.

   * 1. Perceptions of organizational problems by key people, and
       perceptions of the relevance of the behavioral sciences in
       solving these problems.
     2. The introduction into the system of a behavioral scientist-
       consultant.
   * 3. Initial top-level involvement, or at least support from a
       higher echelon with subsequent top management involvement.
     4. The operationalizing of the action research model.
   * 5. Early successes, with expansion of the effort stemming from
       these successes.
     6. An open, educational philosophy about the theory and the
       technology of O.D.
     7. Acknowledgement of the congruency between O.D. and many
       previous effective management practices.
     8. Involvement of personnel and industrial people and congruency
       with personnel policy and practice.
     9. Development of internal O.D. resources.
  *10. Effective management of the O.D. process.
  *11. Monitoring the process and the measuring of results.

Beckhard, in complementing his common failures, presents the following
list of conditions for success. Many of these are essentially the same as
French and Bell but are stated in a different manner, and perhaps with
different emphasis.

   * 1. There is pressure from the environment for change.
   * 2. Some strategic person or people are "hurting".
   * 3. Some strategic people are willing to do a real diagnosis of
       the problem.
   * 4. There is leadership.
     5. There is collaborative problem identification between line and
       staff people.
   * 6. There is some willingness to take risks in new forms.
   * 7. There is a realistic long time perspective.
     8. There is willingness to face the data and to work on changing
       the situation.

9. The system rewards people for the effort of changing and improvement.
*10. There are tangible intermediate results.

Blake and Mouton's criteria are all included in the above with the exception that they emphasize that change must proceed in a sequential and orderly way.

In her study of internal O.D. consulting groups, Carol Heine (1970) found six practices that differentiated between successful and unsuccessful change efforts in three industrial companies. Successful was defined by the internal O.D. person. These are:

1. The internal O.D. consultant utilizes his knowledge of the subsystem and offers help.
2. The internal O.D. consultant stands ready to renegotiate with the real client if found to be different from the contact person.
3. The consultant is explicit about his resources and limitations.
* 4. The consultant is explicit about the amount of responsibility he will take in the change effort.
* 5. There is negotiation about time requirements necessary.
6. There is collaboration on change strategy.

The model utilized in the case, as presented in Chapter III, shows a clear relationship between the change programs and the personal and intervention style of the consultant. Therefore, it is appropriate to consider some normative assumptions about the change agent. Peter Vaill (1970) describes ten characteristics that appear to be common and necessary to the change agent, internal or external. These are additional to the commonly assumed skill set necessary to the interventionist.

* 1. A political sense.
* 2. An ability to identify influence and communication patterns, modeling of appropriate behavior desired in the organization (creation of a useful stereotype), charisma, and the use of teams in change efforts.

   3. A conceptual skill in constructing varied data.
   4. A sensing of when change can occur and when follow up is necessary.
   5. An ability in detecting organizational consensus on issues and norms.
   6. An ability to handle large amounts of information without "overload".
 * 7. A program sense - knowing what types of interventions will be required in the course of an effort.
 * 8. An ability to predict consequences of interventions.
   9. A hypothetical frame of mind and the testing of those hypotheses.
 *10. An ability to sense how much knowledge to apply to the situation and where to apply it.

Vaill's terminology emphasizes sensing, which suggests that a change

agent is a person of enormous ability or experience. Certainly this is

true for the more renowned consultants, but fortunately many of these

"sensing" characteristics can be gained through use of diagnostic tools

and much homework. His points are important, though, because he suggests

many characteristics (especially political, conceptual, and planning

skills) that heretofore have not been considered in the literature.

In looking at the specific stance that the O.D. group is taking in

the case firm, some of their more specific criteria that seem important

are described below.

        Are there dollars, labor, or other measurable results produced?
        Is there any change in managerial style, emphasis?
        Is there greater organizational progress of those in the programs relative to others?
        Is there a change in personnel division philosophy?
        Are there changes in the values and norms of the organization?
        Is there a change in organizational commitment?
        Is the entry point progressing higher in the organizational hierarchy?
        Is O.D. gaining system-wide validity as represented by the spectrum of clients?

It is left to the reader to consider many of the specific conditions

discussed above. Those conditions and criteria that produce the most

cogent results form the basis for the additional analyses to be covered

herein. Each condition will be considered in the context of the case, both

to identify where the O.D. group may have erred or where the conditions

may be inapplicable.

Application of Criteria - Goals

1. ## A self-renewing viable system

    Comments: - The job enrichment is going on in only three of six areas.

    - I don't know what happened with the objectives. We stopped doing it. We haven't been meeting very often anymore.

    - The meetings have gone back to more of a boss-surbordinate thing.

    - As soon as I get off this hot project will go back to having team meetings.

    - The job enrichment was discontinued when we lost some people.

    - We haven't finished the job enrichment yet. We're still having meetings to come up with new ideas.

    Some efforts were not as self-renewing as would be hoped. A variety of

reasons appear of which the major ones seem to be the time demands and the

typical management style existing in the organization. All of these com-

ments came from projects where top commitment was nonexistent or minor.

2. ## Moving towards collaboration

    Comments: - I'm less one-on-one now.

    - This gave me a framework to institute my real beliefs. Now I have more time to develop my subordinates. We rotate chairman when we have the group meetings.

    - We could work well as a group but as soon as we'd get out, we'd begin reverting to one-on-one because that's the way others would work.

> - We have many more group meetings now and they're more productive.

There is progress in this area, but it is very slow, mainly because collaboration just isn't the organizational norm.

Application of Criteria - Failure

1. **Short-time framework**

   Comments: - You can't tell people that productivity will go down first. They won't accept that.

   - People won't make a long-term commitment.

   - We'd like to know when there will be measurable results. About four months from now would be good.

   - After three weeks we got bogged down again. It was the same old problem, so we terminated.

There is tremendous resistance to long-term commitments, and they also do not want to wait for results. Nearly everyone interviewed commented on the time aspects of the business. This has, in fact, harmed efforts, because the commitment does not stay with the program as well as hoped. For instance, with the Bond project the top team worked intensely for several months, but with a few setbacks they quickly got discouraged. Hence, in certain ways, team development becomes another of the fads mentioned earlier.

2. **Failure due to lack of connecting O.D. and management science changes**

   Comments: - It was through teams that they were able to implement the computer system on time.

   - They tried to play both sides of the fence (JE and automation) and that wasn't good.

   - $100,000 was spent on a raised floor so we could do job enrichment later.

- The jobs created by the system were going to be just as bad as they replaced. We finally decided to go with it, but stay flexible.

- We had to work with the automated system because we knew we'd want to work with systems someday.

Work was done with the M.S. changes. Though the O.D. group appeared to work against them at first, eventually a limited joint effort was done. This certainly had some influence on the systems people deciding to use the group for an effort. With the political aspects, the joint work caused some conflicts. In the long run this proved not to be substantial. With the trend moving toward more automation it will have been beneficial to have established the relationship. In most instances the coordination is still not great.

3. A large gap between the top and middle change efforts and success requires top level management

Comments: - They didn't involve the top enough.

- The biggest proponent of team development was the worst spokesman.

- We have mixed feelings about job enrichment. It's a hot and cold thing.

- They kept insisting on our involvement but we don't have the time to spend every week.

- Whenever you called they were always in meetings.

With the Bonds project the top was not involved--a major reason for its mediocre success and the cold reception to accept the team effort that went into the objectives and new reward system. In the OTC project, the top also was not involved, although failure may be due to other reasons.

4. Trying to fit a major change into an old structure

This is accepted as a major focal point for the O.D. group. The large Bonds project showed that organizational change was necessary--twice. The

problem, though, was that teams were a major focus. The levels above
only had a span of control of two people, and would not accept the concepts
of teams.

5. <u>Reliance on cookbook solutions</u>

   Comments: - At first they worked in the mail department but it didn't
   work so they had to start over.

Since the linking teams worked in bonds they ought to work in the mail
department also. This was not the case and alternative ways to implement the
job enrichment had to be used. This verified the fact that each situation
is different—what worked in one area may not work in another. Each effort
must be planned separately. In fact with the management level separability,
what works at the lower levels may not work at the higher.

6. <u>Lack of anticipation of consequences</u>

   Comments: - It got so comfortable being in the team setting that we
   lost touch with the offices.

   - They (O.D.) got so paranoid about losing their jobs and
   put on so much pressure it became self-fulfilling.

   - When the cost cutting program came along job enrichment
   came to have bad connotations. So did team development
   after awhile.

This factor did not play a major role in the O.D. activities (any
failures), but there were minor effects. For the most part the interven-
tions carried no surprises. The above comments indicate that perhaps the
intervention strategies should have been modified. The long term effects may
have been more positive.

7. Any effort that increases performance and ignores the <u>total pool of</u>
   <u>rewards is self-defeating in the long run</u>. Success requires that the
   system rewards people for the effort of changing and improvement.

   Comments: - Some problems were causes when the jobs were upgraded.

- We got very frustrated when they (management) wouldn't accept our ideas (reward system).

- Some people were upset when they didn't get upgraded, but I was going to do it anyway.

- It got so that job enrichment was equated with reducing people.

- We made a political intervention to see that the manager was promoted (Bonds manager).

- When we reorganized we made those who were capable, section managers. Some were demoted.

A great deal of problems existed when jobs were not upgraded after enrichment. Especially when the supervisor wasn't committed, the program faltered in that area. The major problem in the bonds area occurred when the division management would not accept the team philosophies or the reward system. This was definitely seen as negative recognition and was a major factor in the deterioration of the efforts. Rewards have always been considered by the group to be an important factor.

Application of Criteria - Success

1. **Pressure from the environment to change**

This needs few comments. The environment caused the firm to do something with the jobs. The turnover was far too high for a firm that was both concentrating on operating efficiency and that prided itself on management. There is a great deal of pressure on middle management to produce; hence, the rush to do something new and that promised to do something.

2. **Some strategic people are hurting**

Comments: - We wanted to bring our planning system into congruence with what management was going with.

- When the outside firm made its presentation to the top management, the division manager wasn't there.

- Since they weren't doing anything, then we thought we'd give it a try.

- I don't have time for these weekly meetings. It's just too much.

There generally has not been too much "hurting" at the division management level. They do exert pressure to get results from their middle managers, who then have to scramble. Since there does not yet seem to be enough support (pg. 88) for the changes inherent in job enrichment, the top is reluctant to commit themselves to something experimental.

3. **There is leadership**

No question that there is leadership. In fact, often there is too much of it. Because the organization is top level dominated, there has not been enough high level leadership. Certainly, though, the Bonds group manager was a desirable leader in the sense that he became totally involved in the project. Also Marc seems to have provided some leadership when he referred to the aspect of providing an image of hope for the client groups. Clearly this condition is easily met with this type of firm, but modification of the condition is necessary to say that the right person must be providing the leadership.

4. **There is joint diagnosis and problem solving with top**

Comments: - We are now meeting every week to develop reasonable objectives for the division.

- We are meeting every week to examine and diagnose the division.

- He interviewed all of us then gave us his ideas on that, but we could only go up to a point.

If one accepts that the top has to be at least the division management level, then diagnosis has not really been done with the top until recently. In the case of the MBO/JE in the bonds area, lack of it proved to be harmful

in the end. The MBO/team work was accepted but not truly validated by the
top having had diagnosed around it. It is too early to tell yet, but
perhaps the services and systems work will show success from the diagnosis.

5. <u>Willingness to take risks</u>

> Comments: - We were willing, since they were not busy, to have them
> come in and look at our area for possible job enrichment.
>
> - Well, I don't understand, but let's go ahead anyway be-
> cause I'm game.
>
> - They tried to get us to take more risks and make riskier
> decisions.
>
> - The division managers are progressive and willing to try
> new things.

In general the climate is not supportive of risk taking even though
the whole industry is built upon other's risks. For the most part this
is due to the highly political and powerful environment. The comments
indicate that risk taking is a part of the O.D. work done. Certainly,
while not the whole reason, it has contributed to whatever successes have
occurred. Referring again to the Bonds reward system example we see a
case where the risk taking was taken too far, at least in the context of
previous work done with the program. In this environment I would suggest
three things that tend to bring out risky behavior--a congruent reward
system (the brokers), top support, and personal gain, with this last being
most important.

6. <u>Tangible intermediate results</u>
   (Monitoring the process and measuring of results)

> Comments: - Our main interest is in what kind of productivity gains
> can be made.
>
> - The most important thing is efficiency; this we cannot
> lose sight of.
>
> - We were looking for ways to decrease turnover, absenteeism,

errors, and increase satisfaction.

- The management was not that good. There was a tendency to be too autocratic so we were looking for ways to improve the group work and communications while decreasing the silly competition.

- The concept of exception reporting was a good way of measuring what was happening.

- They couldn't justify the results they showed. They tried attributing savings to job enrichment when they really came from cost cutting.

There is a high desire to produce results and it should be quantifiable (preferably in dollars). The firm is performance oriented. In addition, the time pressure requires results now, not later. This must be a major area of work to prepare the clients expectations and measurement methodology. In spite of the results orientation, a measurement methodology would be a major intervention. This has been a stated area of concern for this group. It has come across strongly with the clients and they have tried to measure results. Some comments indicate that the veracity was not always apparent to others. It is an area that deserves closer attention since there is such a high demand for measurable results.

Application of Criteria -- Internal Consulting

1. Explicit about the <u>amount of responsibility to be taken by the consultant</u>

   Comments: - We were not very clear on the reporting that should be done. In fact, we just had a heated discussion with them over progress reporting.

This generally was not an issue they worked, but it points to the fact that if the responsibilities are not explicit trouble may develop later. It seems that this issue was not always made explicit and where it wasn't,

expectations would fall back to those stereotypical of consultants.

2. <u>There is negotiation about time requirements</u>

Comments: - We agreed to meet every week but I don't have time to
spend for that.

- We were told that results take time and that we shouldn't
try rushing them.

- We knew at the outset that this was going to be a long
term process.

Little needs to be said. It would appear that this is being done. It

is all the more important here, because of the time pressures and perspec-

tive that people have. The tendency to rush through things to get on with

other business must be dampened by explicit time requirements.

3. Modelling of appropriate behavior in order <u>to enhance the stereotype</u>
<u>that will be attributed</u>

Comments: - We knew they had trouble with Personnel and this decreased
the organizational support.

- They would not even smile or talk to any people. We don't
need this type of do-gooding.

- They would tell us when we weren't on the right track.

- They are very dedicated and sincere.

- They are messianic.

The stereotypes are being formed by others throughout the organization.

Their intentional "abnormal" behavior in Personnel has caused a negative

stereotype. It has led some to question O.D., at least their particular

brand. However, the actions have apparently caused the same people to

take notice and not dismiss them perfunctorily as weirdos, because they

have caused change. With clients a stereotype of dedication, integrity,

straightforwardness, and commitment to make an organization work has formed,

and without any apparent personal gian. In fact most clients have seen just

the opposite—that they did get fired and have had to struggle for survival.
On the other hand, this kind of image has only created problems at the
upper levels; it exhibits lack of experience.

4. Charisma

While not mentioned by clients, Marc feels that this is extremely
important. The client images of dedication seem to support this. Especially
since they could not hope to claim experience as extensive as the division
managers, there needs to be another factor necessary to be able to approach
them in a consultant manner. A charismatic quality is showing up increas-
ingly more as necessary for O.D. work with top managers. In the brokerage
industry personality is stressed and goes far in the acceptance of exper-
tise in specialized areas. It is probably a major hidden consideration.

5. A Program sense - knowing what will be necessary and in what order

The failure of the OTC project may be related to not knowing what was
necessary or having insufficient commitment or simply that they were not
ready for change. The job enrichment in the services area needed to be
retrenched due to a lack of this sense. This program sense has not been
clearly demonstrated, but it does not lack sufficiently to render them
ineffective. Certainly, flexibility in programming is important,
especially in view of the time pressured intensity of the business. Since
most people view the business as unpredictable, business areas may change
rapidly and the change agent must be ready to change to new strategies.
They have shown that they can.

6. An ability to predict consequences

Was it predicted that team meetings would drop off because it was not
the accepted form of management? Or how about the isolation created by the

frequent team meetings? Was it known that the reward system would not be accepted, or what of the frustrations of the team members? These are the questions, which, when answered, would clear this issue. It may be that they were predicted or that the risks were apparent. At any rate the organization's normal processes impacted the program and affected its durability. These issues needed to have been predicted and worked for the self-renewing processes to occur. However, the group is aware of this need to predict as many of their meetings revolve around this issue of knowing what will happen. Clearly, there needs to be more work in this area.

7. An ability to sense how much knowledge to apply

This also means knowing when and where to apply the knowledge and applying the appropriate kind of knowledge.

> Comments: — Well, I don't really understand this but let's go ahead anyway and learn that way.
>
> — Marc would sometimes go off into theory and lose the group.
>
> — They were teaching managerial techniques I agreed with, but gave us a framework with which to apply them.
>
> — He felt he was being fed theory (by Marc) without any consideration for the realities and practicalities.

An extremely important part of the consulting function appears here to act as a knowledge gatekeeper. It would appear that this has been performed moderately by Marc and Gary. A certain amount of the information they choose to use comes from the theoretical framework which is not readily accepted by the middle and upper management. This is not to say that theory is inappropriate, but to appeal to the task oriented manager, theory must be closely linked to practice. For Marc and Gary this will come with experience in those levels of management. Without that experience, a more

practical view can be approached by relating the theory to the specific

tasks and responsibilities of the firm's management and by having knowledge

of history to use for example. It is a major concern of all upper manage-

ment that they appear knowledgeable in a practical way.

8.   <u>They have a political sense</u>

By now it should be clear that a political sense is vital for work

in this type of system. Since the O.D. group has achieved a modicum of

success, we might expect they have some political abilities. Given the impor-

tance and the difficulty in determination, a closer analysis should be

made. The client data indicate that Gary has some political abilities

and that Marc is naive in this. Analytically, we might determine the

total program effect by examining a series of events from both a naive and

mature viewpoint.

<u>A Political Viewpoint</u>

1. Access at top is necessary; must work with the political as-
   pects (Operations is a mess)

2. Look to any program that will improve things, but also will
   be attractive politically (JE)

3. The programs will be accepted by those who see more effective
   organizations as having more influence (Bonds, Stocks but with
   automation)

4. Using the improved organization and the increased peer compe-
   tition that brings out pressure on top levels for change
   (Bonds vs Stocks; JE vs Automation)

5. Attention is brought to the programs, though they are "ideal-
   istic" (JE, MBO, TD)

6. Create a crisis situation for the programs so extremes will
   be looked at (Bonds manager must be rewarded; Personnel firing)

7. Using the influence gained by the attention and a certain
   amount of credibility force a decision to use or reject
   (Personnel vs 3 Divisions)

8. The decision to use will create commitment from top levels to work with them (hire; keep busy)

9. Advocate for time commitment from these levels to work; political gain is seen (work with top manager)

10. Create competition and pressure again on next higher level (use of their MBO in 3 Divisions)

11. Etc.

A Naive Viewpoint

1. Work wherever possible providing conditions are right and that enough organizational weight is there

2. When conflicts arise bring them into the open and try to problem solve (JE vs automation)

3. Work towards normative goals of O.D. in areas where the assumptions are accepted and change desired.

4. Ensure that the organization treats O.D. well; become advocate if necessary (reward of Bonds manager; Personnel situation)

The political viewpoint is compelling but also disturbing. It implies a lot of hidden motivations in most actions. It also requires a great deal of the predictive skill that was mentioned earlier. The events fit together well using this viewpoint but I cannot accept the deliberate aspects. The conflicts and pressures caused far too much internal tension for this to hold as an accurate view. Of course if they have this sense and don't realize it....

The naive viewpoint doesn't really seem to fit with the data. The events don't fall together well enough when ignoring all the political aspects of the work. Or perhaps there is too much hindsight to construct it well. At any rate it would seem that there is a fair amount of political sense in their work, at least in an overall sense. What is lacking, though, is a more mature (politically, task) mode of communication, and an integration of whatever political sense is there into their view of individual

situations.

Conclusion

There have been a lot of successes in the programs, but on the other hand, some very critical considerations have been missing, causing deleterious effects on the whole program. Taken in context, though, the trends appear to be favorable. The experiences seem to be worthwhile for Marc and Gary in regard to their future progress and learning. More importantly the analysis has uncovered some significant aspects relating not only to this situation with Marc and Gary, but with any practitioner attempting work in a securities firm. These need to be examined in depth.

SIGNIFICANT FINDINGS RELATED TO THE BUSINESS AND THE INTERNAL O.D. GROUP

In light of the previous discussions several of the more important findings are discussed. Factors such as the time pressure and perspective, the separable concerns of management layers, and the organizational culture, are examined and some guidelines mentioned for the practitioner. In addition, the more important aspects of the strategy for an internal consulting group are examined. Some of the findings have relevance for the general practitioner, while others may be unique to the securities industry.

From the preceding chapters there are clearly some major factors of which the O.D. practitioner should be aware before attempting any program. Most of the data has been generated from one firm, but the more global goal of the research was to generate some general findings that might have relevance to the whole of the brokerage community. Certainly the research has uncovered characteristics that are common to larger segments of the community of financial intermediaries.

The findings separate into various categories as listed below:

A. Findings: Organizational variables
    1. Time perspective of managers
    2. Time pressure of business
    3. Separability into distinct layers of management, each with
        a set of styles and concerns
    4. The culture determined by the people and management style

Roger Harrison (1970) has defined several problem areas and strategies for the internal change agent. Carol Heine(1970), in her research, confirmed similar areas and modified others. The following represents an adaptation of their findings, keeping in mind the organizational variables already discussed:

B. Findings: Internal O.D. consultant issues
    5. Placement in the organization
    6. External, objective viewpoint vs. maximum information
    7. Organizational norms and their effect.
    8. Strategies for attaining influence at top
    9. Marketing of services - developmental not training

    10. Maintenance of consulting function as different from the dis-
        persing of services
    11. The coercive power issue

We shall discuss each of these findings in greater detail in the following

sections.

FINDINGS: ORGANIZATIONAL VARIABLES

The Time Perspective of the Managers

The business has no basic long term nature to it. Volume for all prac-

tical purposes is assumed to be an exogenous variable though individual firms

can differentiate themselves through advertising and type of service offered

and attract different sets of customers. So, basically, the conduct of bus-

iness is a day to day affair. Various processing delays might stretch the

cycle to roughly one week. In addition, much of the business is either re-

lated to stock prices or interest rates which can fluctuate significantly

on a day to day basis. Hence very little is predictable to the managers,

especially those that are below the top policy-making level.

What are the effects? First, as mentioned, there is naturally great

reluctance to make any long term commitments. Any contracting is best done

in shorter segments. An O.D. group may have to become a significant inter-

est group, a long term context, or work with a less certain work base.

Secondly, the business nature and perspective lend itself to personnel

shifts that might be unthinkable in another place. A program that depends

heavily on training may be undermined by the fact that one-third to one-half

of the personnel may transfer to other sections over a six month time span.

Also, take the example in the case of the second structural change in the

bonds operations group (page 50). The managers thought nothing of rearrang-

ing groups of a hundred or more people both physically and managerially.
This might mean that special attention must be made with respect to organ-
izational structure and managerial style when these changes occur.

The Time Pressure of the Business

Separate from the time perspective, but not independent, is the impact
of time pressure. A great many factors influence the arousal of enormous
time pressures. The intensity of the business, the regulatory impacts, the
variability, and the type of people all contribute to a tremendous level of
momentum that feeds on itself. Meetings are likely to be cancelled at the
shortest of notice and the difficulty in seeing people makes it a major
logistical battle in setting up group meetings or any sort of regular meet-
ing schedule. Careful consideration should be given to any strategy that
requires for success a viable team that needs to meet often, especially if
whole independent systems are not involved in the change effort.

Secondary to this are two things -- demands and level of demands. All
demands will tend to require immediate action, though it is likely that this
need for immediacy is a false perception. However, it is not likely to be
questioned except by a person whose perspective is longer. With a percep-
tion that action needs to be immediate and the fact that there is signifi-
cant time pressure, there is likely to be a heavy reliance on legitimate
(authority) or coercive power techniques. Generally considered to be the
fastest to achieve results, this means that decision making will be forced
upward. This is supported by the evidence and is a significant factor for
consideration. There will be much difficulty in attempting to shift the de-
cision making downward because of both the trend against the norm and the

threat to the power base.

Separability into Distinct Layers of Management by Style and Concerns

The data show that there are four levels of management. Each level or group has its own set of concerns <u>and</u> style of management, and way of thinking. The very top level, which consists of the executive and vice-presidential levels, cannot be accounted for in this context as no data was collected. I would expect that they would form a separate category since they have an overview of the entire firm.

The upper ranges just below this top level consist of the division managers, their assistants, and their staff. Basically, their concerns are in the area of results from the departments. Their background in sales and the the orientation of the firm to this produce an interest in individual performance which seems to be different from management. It would seem that managing, to them, means the techniques of controlling performance, setting not only the results to be obtained but also the means by which to attain them. By the fact that they find it difficult to set objectives in the program for doing so lends credence to this shorter term method of management. Their interest is in efficiency and costs as well as intra-firm political considerations. However, they wish not to spend time with anything not directly related to them. They have been rewarded by the firm for their style and are reluctant to change it radically.

The middle ranges, the group and department managers, are the subject of these performance demands. They respond in like manner toward their immediate subordinates. They also seem to have appreciation, though not necessarily empathy, for the concerns of the production and clerical workers. However they are still too far removed from them to have the ability

to do much towards improving the worker's lot. A high frustration exists because they bear much of the brunt of the short time perspective and high pressures. They become the gatekeeper for much of the information flow as well as having to respond to demands from both sides. They see themselves as firefighters, always responding to and solving crises. Primary to these managers is their upward mobility. Directly related, then, is political competition and a concern for cost results. They look for meritorious ideas that promise results in a way that will produce savings. At the same time, they are more likely to accept indirect benefits than are their bosses.

The lower levels consist of the section managers and supervisors. Here exist the only true managerial concerns related to people, their motivation and attitudes. However, the results oriented crisis demands from above become nearly the entire focus of their time. They tend to work in groups and will respond to any ideas that works on issues related to their people. The perspective is narrow so commitment from above is perceived as top even though it may only go to group manager. Production efficiency, turnover, morale, training, and motivation are the key words for this group and any idea that promises improvement -- direct or indirect -- will be looked at, given the time.

This suggests that any program must be tailored to the concerns and styles of each level with which it works. Being able to talk their language is highly critical at the upper levels; they have less patience than do lower levels.

The Managerial and Individual Culture

Many of the above major findings as well as some minor ones not men-

tioned combine together to produce a secondary set of findings that are, nevertheless, important. We have looked at the recruitment process which produces a number of things such as competitiveness, individuality, and technical competence. All these will produce a highly political and powerful environment, all in the face of upward mobility that is slower than might be desired. This in turn only suppresses risk taking and promotes a one on one managerial style. Here again is another feed item for an upward pressure for decisions. For those so inclined, there is a great deal of latitude to utilize power oriented styles. What makes this finding important is that these organizational norms and environment are so strong as to demand top support and involvement. Without it any changes will eventually be reversed by the strong internal driving forces. As it stands the system is internally stable and will return to the same state unless the major changes are instituted throughout independent subsystems.

FINDINGS: INTERNAL O.D. CONSULTANT GROUPS

Not much has been written regarding internal consultant groups, specifically related to their strategies. The case has provided a unique opportunity to examine some of the strategies for their validity.

Placement in the Organization of the O.D. Group

Surprisingly the data indicates relative indifference to the placement of the group. All levels stated they were more concerned with the group's competence and the program. To the extent that it might be a political consideration for the clients it matters, but at these early stages, there is more controversy associated with the O.D. group than prestige.

More importantly managers were more concerned with the support given O.D.
by the top management. Position may communicate this, but it seems not to
be a necessary requisite in the manager's viewpoint.

Maintenance of an Objective External Position vs. Attaining Sufficient Internal Knowledge

This point is extremely important as well as a difficult tightrope to
walk. The environment in this type of firm is so political and volatile
that it is mandatory to maintain an unbiased position. It is far too easy
for O.D. to become just another political interest group and, though the
easier route, is not the ideal situation for effectiveness. The danger in
the group's activities becoming a political football was amplified by the
statement that Gary tried playing both sides of the fence which was con-
sidered not good. At the same time there is the need to have information
that is as untainted and valid as possible. This means having sufficient
entry and trust in the subgroups of the organization is necessary.

Organization Norms and Their Effect

In the case where the O.D. group operates on a different set of values
from the rest of the organization and finds it necessary to maintain these
in order to achieve effectiveness, sufficient independence is necessary to
prevent the organizational norms from becoming those of the group. When the
norms overpower the group, the unbiased, observer image will be reduced.
The independence will be dictated entirely by the individual needs and style
of the practitioners. For example, as far as can be determined, the extent
to which the case group "bought into" the norms and competed against the
management training group was dysfunctional for acceptance by Personnel.

Additionally this means that group management that is abnormal for the organization is called for in order to maintain this independence. Clear contracting needs to be done with the group's manager to ensure this.

Strategies for Attaining Influence at the Top

This has proven to be a highly complex, but extremely important, issue. All the previous findings point to the necessity, in this type organization, to be able to work at the top of an independent system. Only in this manner can lasting organizational change be created. Since this may not be possible at the beginning (as exhibited by the case), extensive work will be needed by developing a viable long term strategy for doing so. This should be periodically reviewed and updated to consider latest developments. The strategy should show movement toward programs that require top support, then involvement, to show success. This case has shown such movement and we have also seen that the group spent a great deal of discussion time developing and monitoring their stance.

Marketing of Services to Show Developmental Activities as Well as Training

Harrison (1970) points out that results and successful activities should be publicized in order to broaden the scope of future activities and make it known that the group exists. This case shows a strategy where a low profile by the group is maintained, allowing the clients to publicize results. In such an organization this strategy may be necessary to avoid a political advocate role, which could in the long run be harmful to the group's viability.

An additional problem is uncovered. The ability of the internal consultant to expand his repertoire of skills as seen by the clients is limited.

Given that clients are generally obtained through knowledge of past projects, they are not likely to refer to the consultant if the skill requirements don't seem to match. This points to 1) a clear need on the part of the group's manager to understand what skills are potentially available; 2) the organizational problems where these might be used; and 3) a need to bring in outside consultants to expand the repertoire of projects. We have seen where outside consultants have been instrumental in the expansion of the program base.

Maintenance of a Consulting Function Different from the more Typical Dispensing of Services

The goal of any O.D. group is to plan and manage developmental change. This means that there is a need to avoid the image of traditional consulting. By traditional I mean a consultant who solves a problem, writes a report, and departs, leaving the client to assure the continuing viability. Often implementation of the recommended actions is left to the client. The final aim for O.D. work is to eliminate all dependency, which means that a minimal amount of energy should be spent in report writing as a product. The end responsibility for the client is to develop in them the necessary skills and framework to manage the continuing change process. To the extent that reports and other such tasks are not helpful for legitimacy reasons, they should be avoided.

The Coercive Power Issue

This is an issue with many internal O.D. groups. The underlying values of O.D. do not allow for the use of coercive power. The recommendation, therefore, is to avoid using it. The case points out, though, that it can

serve a useful function, especially in a culture that accepts the use of power techniques. For example, the newer projects have the group consulting as a threesome with their manager. Since he is not viewed as an O.D. person, it is all right for him to force the clients to do things. As a short term strategy this method should not be ruled out, but development of a coercive image can only be harmful in the long run as being hypocritical. Especially as a means of gaining validity at higher levels, this is being shown to be useful when applied by an external person. Even the group itself should not shy away completely from this strategy. To do so may lengthen the change process.

The research has pointed out some significant findings in relation to the brokerage firms and more generally internal O.D. consulting. However, several questions remain. In light of these findings what strategies could be employed? Preliminary to top acceptance? After top acceptance, what support and involvement is needed by the top? What significant organizational variables are possible to change and are necessary for further progress towards organizational health?

CONCLUSION

Where does this leave us? We have located many forces in these organizations, some disconnected from others and some interrelated. If it is left to him, the practitioner (especially internal) will come to a decision point: Does he want to work with these as they are? Or does he want to change them? His behavior will be very different depending upon the selection. What must be done now is to begin to place this data into some framework that will be helpful to the interventionist.

Implications for the Practitioner

There is a need to bring this data a step closer to the practitioner and his intervention planning. The literature on O.D. contains many intervention models. In fact there seem to be almost as many as there are books on the subject. However, most revolve around the same issues, perhaps in different orders or different combinations. The "rightness" of each will not be questioned here, because each person has a different conceptual way of approaching situations. Models do have use in that they help represent other's conceptual frameworks and can serve as a guide. As an example, let us look at the Kolb and Frohman seven stage consulting model mentioned in Chapter III. (See Figure 9) Using this, it can be determined where the findings have the greatest implications. Most of them fit into two parts of the model -- diagnosis and planning. These will be examined in more detail in the next sections.

Diagnosis

One way to look at the model is to consider that the stages are being cycled continually throughout the process. In other words, many scouting-
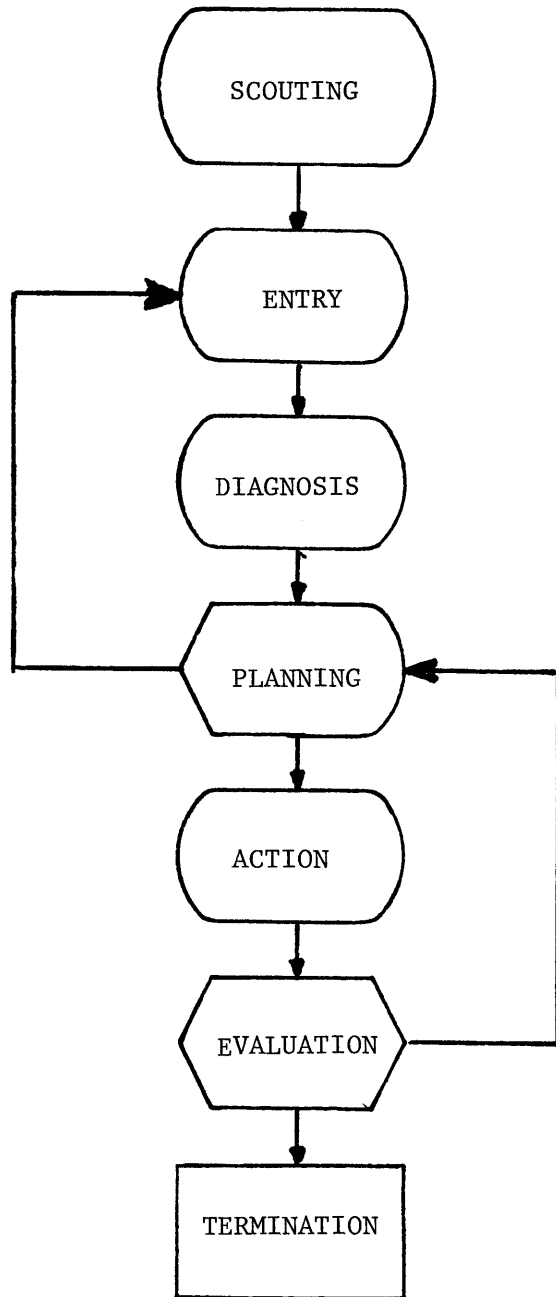
FIGURE 9: The Kolb-Frohman Consulting Model

entry-diagnosis cycles are completed in the development of the client/con-

sultant relationship. In light of this, the diagnostic model presented by

Beckhard (1973) is useful. He defines six steps to consider:

1. Determine the type of change problem
2. Determine the appropriate sub-systems around this change prob-
   lem
3. Determine each system's readiness (willingness) and capability
   (competence or environmental constraints) for change
4. The examination of one's own motivations and resources for
   the change
5. Determine intermediate change goals and strategy
6. Determine the initial entry point based on the leverage that
   one has as a change agent against the various systems

For each of these, he poses diagnostic questions that highlight the major

concerns in each area. The findings emphasized in Chapter VI can be used

in this framework to pose additional specific diagnostic questions that

make the application of the model more relevent to the securities firms be-

ing considered. Diagnostic questions to be asked are:

Who is the client? What level is he? Is he autonomous?
    What is the organizational impact?
What is the motivation to change? Personal? Organization
    pressure? External pressure? Political (competitive)?
Who are the key people in the problem? Information or
    political?
Where are the pressure points for change?
What are the existing everyday time pressures?
What is the time perspective of the system?
Are the time pressures or perspective to be changed? Modified?
    Lived with?
What types of measurement/performance are used? Criteria?

The internal O.D. unit may have a different set of concerns. In all

likelihood it will not have access to the top, whereas the external consul-

tant often will. In such a case they will often have their own strategic

posture to consider. In light of the findings some additional diagnostic

work may have to be done.

Internal Change agent issues

What is the system impact of the effort? Significance?
What is the long term effect on the organization?
Does it fit our long term posture?
What are our needs for the effort? Greater influence base?
     Or system change?

Strategy Planning

These additional diagnostic tools can help bring the system into better

focus, but the question still remains as to what must be done with this in-

formation. Kolb and Frohman (1970) define six systems when they enter the

planning stages. All are interconnected; therefore, changes in one will af-

fect the others. The systems (People, Authority, Information, Task, Policy/

Culture, and Environmental) are analyzed in the planning process to focus

the intervention strategies. However, the change agent may not have access

to all of these because of organizational constraints. French and Bell

(1973, pg. 176) modify an approach of Harrison and order intervention stra-

tegies by their depth of formal impact. Their list embodies the same sys-

tems as Kolb and Frohman, but identifies them differently. There are three

groupings, each deeper in the organization's processes and having less ac-

cessability than the preceeding one.

Formal System	Informal System -- Intra- and Inter-group	Personal
goals	information gatekeepers	relationships
environmental in- terface	roles expectations	life style
structure	sentiments and attitudes	personal history
tasks	interactions	past history
communications	norms and values	unconscious
procedures	group process	
rules		
personnel policy		
skills		

For this type of organization this framework seems useful for planning

purposes. Certainly, some issues are nearly inaccessible, such as the Personal and even some of the Informal.

These categories only identify objects of the change strategy. The findings and diagnostic questions suggest that there are specific concerns the change agent should include in planning. The following issues may help to focus these for the practitioner.

List of Planning Issues

Determine the measurement variables, and expected results.
Determine the impact of the time pressures and design flexibility.
Identify the control of the time perspective (perhaps an educational intervention?)
Determine identifiable stages for expected results, short time horizon.
Predict what impact the change will induce in the power structure and identify the potential for sabotage.
Determine the levels and plan approach accordingly.

For internal units there may be some additional concerns related to their overall posture in the organization. These concerns might involve the publicizing of results and timing, the reporting functions, the prediction of what image will be created from the effort, and the identification of the political issues that may have to be monitored and worked.

These issues form a checklist that can be examined in addition to the other checkpoints listed above. They were found to be important in the research and deserve specific attention in the planning process. Also they identify specific areas to be monitored in the change process, areas that will help identify the weak points in an intervention design. Like an illness, early detection facilitates correction.

Examination of the Learning Objectives

The introduction identified five learning objectives for the paper.

These deserve further attention as a means of summarizing the material.

1. To identify some general characteristics of the Wall Street environment.

Chapter II only scratched the surface of this. Much more detailed work needs to be done in each firm. The culture resulting from the recruitment policies was found to be significant and represents an area for more detailed work. It very well may be that the entire recruiting and advancement routes need to be revised. The culture resulting in the home office may indicate that an extensive training process is necessary before these brokers become managers. Additionally, the political structure is significant and strategies for lessening it might be examined. A good deal of it may come from stifled advancement turned to interpersonal competition.

2. To obtain a "feel" for the issues of a practitioner -- his style, his surroundings.

Chapters III and IV satisfied the second objective. They emphasized the human quality and issues found in consulting. It is all too easy to state that O.D. units may be subject to pressure from the personnel or training function but it is more difficult to explain what that means in terms of the people involved. The difficulties encountered in an environment usually foreign to O.D. techniques were revealed, too.

3. To analyze the case study in search of successful and unsuccessful strategies and models.

The success of the approach was analyzed using various criterion. Some issues were significant. Many of the strategies with clients were validated. Some question still remains about the stance with Personnel.

There is no way of determining for certain whether it was the best way.

As a measure of success, the fact that the group remains tells something.

4. To identify business and managerial issues and constraints for managers
   that might differentiate it from industrial concerns, and impact on
   the O.D. process.

All of Chapter VI was devoted to this. In many respects the managerial

issues are not any different from any other organization. Some of the more

significant issues that were found (time pressure and perspective, manager-

ial level, and political environment) are partially a result of the business

characteristics special to the securities industry, but also partly a re-

sult of the people coming into the organization. The case provided an op-

portunity to go beyond and examine issues of internal O.D. units. Some

of these seem to be universal while other issues emanate from the lack of

support in the particular firm studied.

5. To contrast possible strategies with those used in the case study.

Few strategies were suggested, but some models were presented and the

specific issues put into context. For the most part, there seems to be no

need for a completely unique approach; many strategies and techniques de-

veloped will work, but they must be congruent with the special concerns.

The Future -- Some Trends

The securities industry is changing rapidly. Governmental, public,

and economic pressures are destroying many of the traditions that held up

for so many years. At the same time they are creating new opportunities

for the more aggressive firms. It used to be that the industry was popu-

lated by small firms. This is no longer as true; Merrill Lynch, Bache,

Paine Webber number in the thousands. A more severe pressure on profit-
ability has caused there to be greater emphasis on management. Also the
decrease in wealth detracts from the original glamor of the Street.

In 1975, there will no longer be the fixed commission structure. The
predictions are that this will reduce the commissions available. There is
much talk of the services being unbundled, there then being a fee for each
service rendered. This will cause a great deal of pressure of individual
departments to become efficient. Profit centers management will be used
with the trend toward more objective performance measures. The extremes in
the business over the past few years has indicated a dire need for long
range planning, something that was lacking. This, too, will have signifi-
cant impact.

All these factors point to an increased emphasis on management tasks
and techniques, and a greater concern for developing the effectiveness of
the organizations. When this occurs in organizations where this has been
lacking, there will be a greater need for organization development tech-
niques.

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APPENDIX I: MEMO TO THOSE INTERVIEWED

TO   THOSE LISTED BELOW   AT   DATE   3-5-74

FROM   (Division Manager)   AT   Personnel Division Management

SUBJECT   PROPOSED RESEARCH ON ORGANIZATION DEVELOPMENT AT_____

Mr. William R. Wagner, a graduate student at the MIT Sloan School
of Management, has spoken with the Assistant Division Manager,
Gary, Marc and me, and we all have agreed that research into
the organization development activities in which Marc and Gary
have been engaged would be useful. It would enable us to im-
prove our helpfulness to the organization.

To accomplish this, Bill Wagner would like to speak to the
people who have been directly or indirectly involved with these
activities. This will require one hour of your time at which
time the following areas of discussion will be covered:

        The history of your association with Marc and/or Gary.
        Their approach to the activities and the results.
        The relevance of their work to your work at _____.
        The usefulness of these activities to _____.
        The impact of our business environment on this kind
            of work.

The discussion will be confidential and the results will appear
only in summary form. The comments or critiques of the indivi-
duals participating will remain anonymous. Bill Wagner is
presently in his final year in the Master's degree program at
MIT Sloan School of Management where he has been studying cor-
porate finance and organization studies. This research will be
the basis for his thesis.

You will be contacted for an appointment in the next few days.
Thanks for your help in this project.

Appendix II: <u>Questions</u> <u>for</u> <u>Interviews</u> <u>with</u> <u>Clients</u>

1. What is your definition of what Marc and Gary do?

2. What is it that they did with you and your group?

3. How did it come about that you worked with them -- any points that you can think of?

4. What were the goals of the program?

5. I would like to get a feel for how they operate -- the techniques that they use -- can you help me there?

6. Describe their professional strengths and weaknesses.

7. Was the work relevant to your primary mission in the organization?

8. Was it relevant to you personally?

9. Thinking back, describe how you felt about the effectiveness of their work with you? the program?

10. Bringing to the present:
        How do you see the effectiveness of what they did?
        As you see it what has been their major accomplishment?
        Aside from you?

11. Are the benefits still there?

12. What do you think is the major reason people work with them? Don't work with them?

13. Do they have much influence in the organization?

14. What do they do best?
    What is the key to their successful work?

15. a) How do you see their personal beliefs? By beliefs I mean the way they deal with people and groups. This could include honesty, openness, values of people in the organizations, way they think people should be treated?

    b) Are they an important part of the work?

    c) Are they highly visible?

16. Do you plan any future relations with them?

17. What factors are stopping you from working with them?

Questions (cont.)

18. What factors are encouraging you?

19. What is your perception of their goal in _____?

20. Do you think they should remain -- in other words do you think their work is relevant and valuable to _____?

21. What do you think their role should be?

22. Would you like to see this function expanded?