

Transforming Organizations, edited by Thomas A. Kochan and Michael Useem. Oxford: Oxford University Press, 1992, 420 pp., \$29.95.

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Since the early 1980s, there has been increasing attention to broaden our understanding of organizational change and development—the nature of the problem has become much more complex (as today's organizations function in a dynamically interconnected global economy), and the need for continuous change and improvement is now mandatory for long-term organizational success (given the rate of technological, political, and social change). In contrast to the mostly piecemeal and local efforts at "organizational development," the term *transformation* is now being used to focus attention on a much more systemic and systemwide approach to the problem.

The purpose of this book edited by Kochan and Useem falls squarely into this emerging stream of theory and practice as these authors seek to create a new model (or paradigm) of the transformed organization for a global economy. The book was developed by bringing together 33 members of the faculty from the Massachusetts Institute of Technology (primarily the Sloan School of Management) with 25 members from the business community for a 2½-day conference in June 1990. In the words of the editors: "The studies [from academia] and the industry responses [at the end of each chapter] are assembled here as an initial step toward generating a new, broader perspective for the study and practice of organizational change" (p. vii).

When a conference is organized by an academic group (as in the current case), even with industry representatives, there is a tendency to emphasize the theory side of the equation—to the exclusion of action. Alternatively, when a conference is conducted by people in industry, even with academic participants, there is a tendency to concentrate on case studies, best practices, how tos, and bottom-line results—to the exclusion of theory. But the ideal conference for effective learning is an equal partnership among all the key stakeholders (developers and users) across the artificial boundaries of theory and practice. Although such an ideal arrangement is difficult to coordinate, it is nevertheless essential to achieve if a

value-added integration of theory and action is to occur—as in a *learning organization*.

It is possible that Kochan and Useem's efforts to bring together a diverse group of people were somewhat thwarted by relying almost exclusively on one academic institution (the Sloan School of Management), which may have inadvertently fostered a somewhat limited (cultural) mindset. (Even if, for logistical reasons, the conference presenters had to be drawn from the local area, the editors could have involved diverse experts from neighboring universities—such as Harvard University, Boston University, and others). Specifically, the MIT faculty for this project are affiliated with the following four disciplines: strategy and policy, human resources, management of technology, and organizational behavior (page vii). The major parts of the book are explicitly organized *along the same exact lines*: Part I: Strategic restructuring; Part II: Using human resources for strategic advantage; Part III: Using technology for strategic advantage; and Part IV: Redesigning organizational structures and boundaries. Part V (Leadership and Change: the practitioner's perspective), as the title suggests, includes a few brief comments on leadership and change by two practitioners from industry and labor, which provides the primary applied contribution to the book (besides the brief comments made at the end of each chapter). The four academic parts of the book involve most of the chapters and, with the introductory and concluding chapters by the editors, represent the organizing framework for the book as a whole (as diagrammed on page 6).

As most of the chapters in the book demonstrate, for example, the use of technological innovation cannot effectively contribute to long-term organizational success if the users ignore the supporting aspects of transformational change—as captured by the remaining three categories of strategies, human resources, and structures. The full benefits from redesigning organizational boundaries also will not be achieved if the other interrelated dynamics of strategies, technologies, and human resources are ignored—and so on. All four domains must be considered and acted upon in a systemic manner (with a focus on the *interrelationships* among parts more than on the parts themselves) in order to transform a traditional command, control, and hierarchical organization into an effective learning organization.

It should be recognized that this "new" model has been evolving for quite some time: Back in 1978, Argyris and Schön wrote a landmark book, *Organizational Learning*, and several subsequent efforts on the same topic are noteworthy (Hays, Wheelwright, & Clark, 1988; Levitt & March, 1988; Senge, 1990). Moreover, the four domains of transformation (and their interrelationships) have been around since 1965, when Leavitt convincingly analyzed the interplay of four basic elements (task, structure, technology, and people) for managing organizational change—which was further extended by Beer (1980), Bolman and Deal (1984), Goodman Sproull, and Associates, (1990), Gunn (1987), Schendel and Hofer (1979),

and Tichy (1983), among many others. The specific topics of transforming organizations and collaborating with diverse stakeholders across all the traditional boundaries have been similarly addressed by two previous national conferences at the University of Pittsburgh: (1) in 1986, "Corporate Transformation" and (2) in 1988, "Making Organizations Competitive," and papers from these conferences were subsequently published (Kilmann, Covin, & Associates, 1988; Kilmann, Kilmann, & Associates, 1991).

What, then, is the contribution here? The book provides, in one place, a number of disciplinary approaches that further support and refine what is generally known in the academic community. Although the editors do a fine job of pulling together some of the major themes of the book and making the most of its contents, it is disappointing to see that this extensive effort did not result in a new integration—with equal attention to theory and practice.

The most interesting themes in this book can be derived from its six best chapters: Useem's Chapter 4 on the influence of the organization's shareholders (given the recent trends to recombine ownership and control via financial restructuring) as balanced with the influence of all the other internal and external stakeholders on short-term and long-term performance; Henderson's Chapter 8 on the complex dynamics of the systemic—but tacit—interrelationships among the parts (e.g., strategies, human resources, technologies, and structures) that are deeply embedded in the organization's culture and assumptions (termed *architectural knowledge*); Ancona and Caldwell's Chapter 10 on the cross-functional teams of diverse experts that cut across all the organizational boundaries (and what is required for these teams, in essence, to see—and use—their combined architectural knowledge); Morton's Chapter 16 on the use of information technology to compress time and space in order to design electronically enabled, cross-functional teams (and new types of markets and industries)—also for the purpose of developing, in essence, new architectural knowledge; Roberts and Tuite's Chapter 20 on the variety of ways that organizations can gradually extend themselves into these unfamiliar (newly interrelated) markets and technologies by developing collaborative relationships (electronic and otherwise) with external partners—anywhere in the world; and Senge and Sterman's Chapter 21 on mapping, challenging, and improving the mental maps that people use to see, understand, and act on the dynamic complexity found all around them.

From these several chapters, I can offer one possible synthesis by which the *parts* (and chapters) of the book could be redesigned and re-framed: A learning organization starts with *diverse people*, whose explicit *mental models* enable them to see (and learn) new interrelationships among the component parts of complex systems (inside and outside their own specialties), who have internalized the *culture and skills* to work effectively (collaboratively) with diverse partners across any and all

organizational boundaries (electronically and interpersonally), whose organization has the necessary *sociotechnical infrastructure* to enable such dynamic cross-boundary exchanges of all resources to take place (formally and informally) in an efficient and effective manner (after *removing nonvalue-added barriers* to just-in-time collaboration), and whose organization continuously—and explicitly—monitors the *systemic architectural knowledge* surrounding its products, its services, and itself—including the *shifting stakeholder interrelationships* in its dynamic industry and society. Empowered people with the right culture, skills, teamwork, and mindset (enabled by a supportive organizational and national infrastructure with the necessary information technology) are thereby free to experiment, learn, and adapt to new *systemic problems and opportunities*—and, thus, to be constantly in sync with (and to be able to shape) today's reality.

What is missing from this book? Most of the key lessons are still between the lines, below the surface, and behind the scenes—thus, the architectural knowledge from this extensive venture remains largely hidden and, therefore, inaccessible. Why? Without the right organizational and institutional infrastructure, without an explicit examination of the participants' mental models, without effective cross-functional teams that examine the hidden assumptions among diverse scholars and practitioners, and without redesigning the very academic disciplines that hide architectural knowledge (and thereby keep attention on each of the four very traditional parts of the field with only occasional references to the other parts), it is unlikely that a truly new (and highly essential) synthesis can emerge.

Not surprisingly, therefore, the book's contents remain in all the old boxes—just like the organizations that are struggling to survive so often stay in their functional departments in their traditional industries—to their own eventual demise. Because the academics organized and managed the conference in their old categories (from within one academic institution) without equal partnership with the practitioners (or so it seems), the book is more fragmented than integrated, more descriptive than normative, more research oriented than action oriented, and more about *external* sources of transformation (e.g., changes in international competition, financial markets, technological imperatives, and political deregulation) than about the *internal* practices of systemic, systemwide, planned organizational change (other than isolated discussions on managerial discretion and the CEO as a role model for change). Consequently, much more balance and integration across diverse theory and practice is needed. In particular, practitioners need (and expect) clear action guidelines—especially from a book on *transforming* organizations. And academics need (and should expect) new ideas, concepts, theories, and directions for research—which have not already been provided in previous publications.

The bottom line? If academics cannot create an effective learning or-

ganization for themselves, then we are all in trouble! Essentially, the university itself must be transformed into a learning organization if it is to provide a new kind of *transdisciplinary*, architectural knowledge for today's—not yesterday's—world. If we don't apply what we know about learning organizations in the process of *creating* knowledge about learning organizations, each new conference—and book—will not make the value-added contribution to which we all aspire. We must apply the same approach to ourselves that we now advocate to others. Otherwise, we will keep falling behind the times.

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