

CHAPTER 1

Introduction

ReOrganization has been written primarily for practicing managers. As consultants and businessmen, as well as through the elaboration of certain methods, we have developed a sense of what is important in the work of shaping or redesigning an organization. This book will therefore be of interest to anyone on the point of realizing a development in their organization and wishing to know how this can best be accomplished.

There is a focus on organization design, i.e. on questions of structure, but in a book of this kind it is impossible not to look at aspects of infrastructure, such as culture, power, leadership, control and communication. To categorize these as “wet” questions and ascribe less importance to them would be to make an inexcusable mistake.

An organization’s structure is sometimes made the scapegoat when things won’t go right or the organization suffers from poor inter-personal relations. Some managers, probably because it is in their power to do so, can’t seem to stop tinkering with it. Many organizational reviews are often due to inter-personal relations rather than the division of work, the company hierarchy, or the workflow.

We will thus be looking at some of the more intangible aspects of an organization’s structure in addition to the more practical ones, like the production of goods and services. Since we will mainly be dealing with the organization of processes, we should declare at the outset that there is no organization theory on earth that covers everything. However, an astute observer can form a theory of optimal organization in any given situation. Our experience is that much organizational change goes ahead without taking into account cer-

tain important elements which otherwise could be beneficial to both the change itself and subsequent operations.

Readers of organization theory will have come across such concepts as line and staff, function organization, matrices, process orientation, project organization, and so on. A number of terms, such as flat organization, virtual organization and network organization, were very much in fashion at one time. Every so often a new theory of organization will appear which purports to show a connection with something but which often fails to show causality, that is, cause and effect.

Organization theory is a mixture of sociology, economics and psychology. For a number of years it was thought that flat organizations were the most efficient ones but later research showed that such claims could not be substantiated. Flattening the pyramid obviously has populist support, as power tends to be shared out. People are generally very receptive to ideas of this kind. The network solution, a close relation of virtual organization, where we freely and without obligation cooperate with others, appeals to our social needs. Networks have been very popular among certain groups at various times but their disadvantages, together with the long-term perspective, have been largely ignored.

We don't intend to delve very deeply into either traditional or modern organization theory. We give brief descriptions of traditional types of organization in chapter two in the interests of completeness and the book's value as a guide to shaping theories for specific situations, but it is to the approach in each case that we attach most importance.

Organization theory

Peter Drucker, writing on organization, points out that the word has become a part of our lives, for instance when someone says, "In our organization we should be market-friendly and customer-oriented." Nearly all forms of work in the societies of the developed countries are carried out by an organization of some kind.