

CHAPTER 3

The organization's anatomy, physiology and psychology

The models we described in chapter 2 were simplifications of a complex reality. In large organizations, structures are often too complicated for us to make even this claim. One of the authors in the 1990s was given by Ericsson the delicate assignment of explaining their organizational structure to new employees. No stone was left unturned and everything from Group management down to a funny little unit on the outskirts of the organization was brought into the picture. An hour and a crammed whiteboard later, both listeners and presenter had been reduced to a state of bewilderment.

An organization often grows step by step, but not necessarily as planned in a blueprint. When there is a more or less smooth development it's usually because in the background there is a business mission keeping things together (see the heading, "The organization's ideological basis"). As in the theory of the origin of the species, a number of variants may have been tested and found wanting. What has worked for a particular region or product can be kept and developed further. This may well mean that the models we have discussed are of limited use when we begin to unearth the bare bones of an organization. Functions, divisions, networks and matrices may have been introduced helter-skelter with a sound lack of respect for purely theoretical archetypes.

In this chapter we'll be going through some of the factors which affect the workings of an organization but which are difficult to find in an organizational chart.

It can be useful to look at an organization as though studying an animal organism, with its anatomy, physiology and psychology. (This is especially true of technocratic environments with their emphasis on structure and rationality but relative ignorance of human values and organizational culture.) Sometimes it's hard to distinguish between the chicken and the egg when we try to come to a clear understanding of how an organization functions. Often we begin with the structure – an organization's anatomy – and do not give enough attention to its processes or culture. The heady days of the matrix organization in the 1970s is a case in point.

By an organization's 'physiology' we mean its information flow, the interplay between units and in particular, its performance in respect of customer needs. A great deal of attention has been given to the physiology of organizations since Business Process Reengineering (BPR) was launched, mainly because of the tendency to create specialist centers which beaver away without paying much attention to customer needs. Focus is then often directed internally instead of externally. A readjustment of the focus towards physiology means that an organization can gain new insights in respect of customer needs and the market, and so work more effectively. An organization's physiology deals with systems that facilitate information flow inside and around the organization.

By an organization's 'psychology' is meant important elements like values, norms and creeds that guide management behavior.

The human factor

If for a moment we look at organizational structure as a technocratic and rational exercise, we should be able to isolate the human component for examination. Our experience is that human factors affect organizational structure dramatically, much more than we would suppose and certainly more than people are prepared to admit. It is almost impossible to discuss organizational structure and effective parameters for more than ten minutes before the conversation turns to people and their skills. We are here talking about ability, personal chemistry, inter-personal relationships, etc. Here are a few examples of the kind of thing we hear all the time: