

Executive Strategy Issues for Very Large Organizations

William E. Turcotte

This note draws attention to some of the special problems of directing and/or influencing outcomes in very large organizations. *Large* resists precise definition, but for present purposes, imagine a multifunctional organization with at least five hierarchical levels and a very complex external environment from which resources and directions flow. In such an organization, the range of top management responsibilities allows only infrequent, though often intense, interactions with most subordinates. Opportunities for personal direction and role-centered leadership patterns are limited. Range and complexity of organizational issues make it difficult for executives to master the details involved. They must instead develop skill in abstracting the essence, implication, and key ideas from complex issues. Executives frequently find themselves drawn into situations for which past experience provides limited guidance. Often, their agenda is dominated by external events, reducing time to deal with internal matters in an orderly way. They find it difficult to “get their arms” around the organization and its key players. Subordinates meanwhile are clamoring for executive time and feel frustrated when the decision process slows, lacks established pattern, and leaves important policy or coordinative matters in suspense. Executive time for setting internal priorities and effort integration is compressed and subordinates can easily evolve conflicting views of policy and priorities especially when major resource allocations are at stake.

Strategies successful in smaller, better-defined organizations that center on high levels of personal interaction and control may have limitations in larger, less well-defined organizations. At this point, please reflect on and form an opinion as to:

1. What constitutes a large and complex national security organization?
2. How does commanding, directing, and influencing practices for these organizations differ, if at all, from smaller, well-structured organizations such as a squadron, frigate, or a battalion?
3. What are the elements of a framework or points of view to achieve a balanced personal strategy for directing a large organization, or some major component within that organization?

William E. Turcotte is a professor in the National Security Decision Making Department at the United States Naval War College.

Integrating Large Organizations Elements of a Framework

While each of us will have our own ideas, some elements of an executive framework include:

1. scanning the external environment for early warnings, impacts, opportunities, and points of required influence,
2. aligning internal core competencies and priorities with external requirements, and
3. devising substrategies for
 - a. the implications, constraints, and emerging requirements of organizational structure,
 - b. ordering decision-making patterns, structure, and implementation,
 - c. delegating and feedback,
 - d. planning and control,
 - e. projecting behavioral processes to include
 - (1) managerial style
 - (2) motivational/incentive climate
 - (3) leadership
 - (4) power and influence
 - (5) group and committee dynamics, and
 - (6) conflict identification and address,
 - f. adapting to organizational and change processes, and
 - g. managing time—yours and that of your subordinates.

Scanning the External Environment

No matter what the size of an organization, its leadership must direct careful attention to its external environment. That environment will be the source of directions, problems, evaluations, and priorities, and will dictate changes. Indeed, it is not unusual for the top individual in an organization to spend much, if not most, of his time interacting with this environment in search of resources, directions, defensive support, offensive opportunities, and sometimes just reading the tea leaves or groping for significant rumors. No diagrams of key players or influence centers are provided to new executives. Categorizing the external environment is very difficult, but some important components include the following.

Mission/Task Issues. Most organizations are never static. Missions and tasks are changed, and new projects can gather momentum long before the responsible command learns of their existence. Bases are closed, functions consol-

ided, squadrons reassigned, reserve responsibilities modified, et cetera. For many reasons, this information is not always widely shared, even though it takes some time to formulate decisional alternatives. But once organizational change is decided, implementation proceeds at a furious pace. An alert executive through regular interaction with external points of contact, can pick up the threads of discussion early and begin, subtly if necessary, preparing the organization for externally directed changes.

Mission or tasks are also the basis for evaluation of performance. In an era of very scarce resources, a constant problem is setting priorities to ignore as well as stress certain activities. Understanding seniors' views of priorities is obviously important to aligning internal emphasis. One would assume that this is simply the result of regular and open discussion between commanders and subordinates (it should be). On the contrary, obtaining information on shifting priorities frequently requires deft and constant interaction.

Economic Issues. Economic issues range from the size of next year's Department of Defense budget to adequacy of your organization's budget and ceiling points. The executive who learns pressure points of external influence centers may not always prevail in the resource pursuit, but he will be able to ascertain impending actions, and through wise interaction, be able to guide in various degrees outcomes important to his organization. Large organizations do not always allocate resources in totally open or even very precise ways. Those responsible for final decisions in this area may be unaware of the specific impact of decisions altering activity or resource flow. Feedback from subordinate organizations is essential, sometimes must be aggressively pushed, and must come from leaders in the affected components. It is not always pleasant for some top managers to involve themselves in the maze of resource allocation, but frequently only they have the perception and status to explain the intent of decisions and to subsequently influence outcomes. The resource struggle is not one of simply interpersonal influence. It is also one of ascertaining, as early as possible, upper level information gaps regarding your programs and providing necessary data, persuasion, and advice to make needed changes in resource flow.

Political Issues. Political issues grow in importance as one nears the top of an organization. Moreover, it is very difficult to separate fully the economic external environment from the political one. The political external environment may involve interaction with Congress, with their key staff, or it may involve interaction with state and municipal influence centers and with a wide assortment of interest groups. The latter might include the Navy League, trade associations, labor associations, advisory groups, environmental authorities, and employee groups, to name but a few.

Technological Issues. In-depth knowledge of technology may not be essential for executives unless the organization is specifically responsible for initiating technical activities or is primarily involved in technical matters. Even in situations where technical expertise is not required, a passing familiarity with relevant technical matters may yield dividends. If

the unit is required to utilize complex equipment or processes, it is psychologically advantageous, both within the organization and in dealing with those outside of it, for leaders to be conversant with the basic technical framework involved. Effective response to technological change demands that its potential effects at least be understood. What, for example, upper level technical initiation will impact on your organization and require special support equipment, special skills, special training and what are the relevant budget/training lead times for adaptation? Where does one interact to learn this information in time to plan rather than react?

Cultural/Value Issues. Both the external and the internal environments are importantly influenced by cultural patterns. Geographical areas in the United States have their own cultural and value orientation, and these impact on organizations situated there. Working hours, level of effort, religious observance, dress, and discipline acceptance all can be influenced by regional culture/values. The problem grows significantly when one's organization is located in another country and national officials and workers are important to successful performance. How should a base commander in Oman or in Rota, Spain, interpret required actions in the context of local culture and values? How can major gaps and gaffes be avoided? What bearing does local culture and values have on motivational systems? In other cultures, concepts of employment security, emphasis on seniority, on group loyalty, intergroup competition, and group decision making are very different than those in the United States.

Government Regulations/Compliance. The government not only makes laws, but it is generally expected to be the model in enforcing these laws. The external arena is influenced by environmental laws, equal opportunity laws, Occupational Safety and Health Administration (OSHA) laws, military justice constraints, labor laws, conflict-of-interest laws, small business set-asides, relations with contractor laws, and so on. The larger the organization, the greater the potential impact of laws and the greater the need for upper management to be ready to incorporate the requirements of past and pending legislation and regulations.

Aligning Internal Core Competencies and Priorities with External Requirements

Imperatives for command/top management action also come from within the organization. Strategy for directing an organization should include the establishment of sensors to determine internal pressures and support for plans or adaptive action. The list of internal issues is quite long, but among the more important are (a) recognition of the organization's core competencies and weaknesses; (b) perceived (real or imagined) inequities in internal resource allocation; (c) difficulties encountered by top management in identifying who or what suborganizations are the principal contributors to the work effort; (d) the levels of morale; (e) powerful informal groups; (f) major present and future changes in

workload or workload distribution; (g) past and present patterns of resource allocation; (h) key billet backup and replacements; (i) required information flow; (j) required decision making processes; (k) present and expected shortages in special skills; (l) areas where major shortfalls in performance exist (real or perceived); (m) areas of interpersonal or interorganizational conflict; (n) the 20 or so percent of activity that accounts for 80 percent of the organizational payoff; (o) plans (if any) and the planning horizon; (p) major players' role definition; and (q) the organizational climate. While these areas of concern exist in most organizations, the flow of information in large organizations may for upper executives obscure, rather than highlight these and related issues.

The Implications, Constraints, and Emerging Requirements of Organizational Structure

Organizational structure is intended to subdivide and fix responsibilities. Structure also constrains interactions. Structure is but a guide to intended roles. Individuals, through ability and ambition, often exceed the confines of structure. Others shrink into the structure, narrowly defining their roles and responsibilities. The top executive's major questions related to organizational structure are: Can information flow according to my preference? Are there important ambiguities? Can I easily fix the responsibility for new tasks? Does the organization represent a dynamic capacity for handling multi-faceted tasks or does it represent past, not present and future, requirements? Are the right people positioned in the right place or should the organization be modified to give access and added responsibilities to the best subordinates? Does the organization have clear points of access and identification to the external environment? Does the design integrate what must be integrated and separate out that which should be independent? This very incomplete list is but a guide to the leader's analysis of the adaptability of his or her organizational structure to the external environment and its suitability to the internal assignment of responsibility.

Ordering Decision-making Patterns, Structure, and Implementation

It is always important for the top leader to have a clear understanding of his/her personal decision-making process and its capacity to generate an organizational climate supportive of the flow of required and honest decisional information. Most of us perceive ourselves to be quite solid in this area. But, as our organization grows, our perception of decision making may be viewed quite differently in the organizational trenches. Moreover, our loyal subordinates may not be faithful to our intent or, through overzealousness, may be less than accurate in interpreting our preferences and priorities to the lower organization.

Our decision analysis course offers one guide to decision-making that you may find helpful. Others, of course, exist. What is certain though is that as the size of the organization increases, so will the uncertainty involved in most top-level

decisions. Once decisions are made, a clear process for transmitting information and tracking implementation is required. Memory will not suffice.

Substrategy for Delegating and Feedback

Size involves delegation and delegation suggests organized feedback. Feedback can be at the option of the individual/organization receiving an assignment or feedback can be triggered by some random or orderly process established by the delegating official. In smaller organizations, feedback may be triggered by the memory of the delegator, by a schedule, or by an assistant. In larger organizations, more formal and complex methods are required. These methods generally fit the description of a planning and control system.

Substrategy for Planning and Control

Planning and control are intertwined. The need varies considerably according to the size and complexity of the organization. In smaller and more structured units the top manager can often do much of the required planning and controlling rather informally by memory and on the back of an envelope. Indeed, in some smaller organizations, procedures, patterns, and external direction can reduce internal activities to compliance routines. However, as the organization reaches a certain size, as its activities become more unstructured, and as freedom for interpretation of emphasis increases, more formal planning and control systems are required.

Planning requires development of activities and assignment of responsibilities to achieve selected objectives. It requires some sort of priority system; a search to identify opportunities and to find ways to deal with anticipated problems; organized systems for accumulating and displaying information; some sort of system to forecast future conditions; and it requires at least a brief description of how goals are to be achieved.

Control traces progress toward the achievement of ongoing or single event goals. Control involves procedures to describe desired action, milestones against which success can be determined, and reports to both judge and accumulate comparative data. More than any other aspects of the managerial process, control depends on accurate and timely information and a well-designed feedback loop. Control stimulates progress because it underlines accountability. Control also motivates interorganizational cooperation and highlights situations when conflict blocks progress between interdependent units.

Planning and control, taken together, involve structure and process. The structure represents the desired means for seeking and maintaining progress. Process is largely a function of the behavioral aspects of planning and control. Process insights are important for reducing the dysfunctional behavior and threat characteristics of any control system. The number of variations is large in designing a planning and control system, but concepts of planning and control are

central to the top manager's operating strategy. Planning and control translates leadership into purposeful and coordinated behavior. Without such a system, the senior executive risks being driven by sequential attention to inputs (the in-basket or crises management strategy). Moreover, without a planning and control system, the executive may be surprised (or never know) how few of his intended initiatives are implemented. Top decision makers enjoy making policy but are frequently less interested in tracking the implementation of policies or desired emphasis.

Substrategies for Projecting Behavioral Processes

Behavioral strategies must also be explicitly employed in guiding the activities of large, complex organizations. While there are many components of this portion of the overall strategy, some important ones are as follows:

Managerial Style. All executives operate within a particular philosophical framework (though they may not know it exists or are quite mistaken in its description). Philosophy, if it is as consistent in application as it is in perception, matches what is said with what actually occurs in practice. When concepts of philosophy are communicated properly, both the manager and the managed will be in a much better position to understand the behavior that is mutually expected. A proper philosophy assumes, as well, a capacity to communicate and to be the recipient of open communication. It sets the organizational work culture. Without a guiding philosophy, an executive's actions, real or perceived, are bound to be somewhat random and will not provide any consistent framework for subordinate interpretation. In order to be effective an executive's philosophy must be communicated to the entire organization and must be capable of being understood by the entire organization. This requires walking a thin line between giving subordinates excessive direction and allowing appropriate freedom of action.

Motivation/Incentive Climate. Motivation and incentive formulation are but one part of the behavioral process and an even smaller part, however important, of a broader framework of an executive strategy. While all ascribe to the importance of motivation and many understand its concepts, few are able to put into practice this knowledge when they are directing large, complex organizations. *Much of our image of motivational strategies comes from small, largely one or several member, group interactions. In such a setting, our own qualities and characteristics are thought to motivate.* In very large organizations the problem is more difficult as we must somehow find ways to convey incentives and create an effective motivational climate down through many organizational layers where the bulk of our subordinates are rarely in direct contact with us. In such an environment, we are being interpreted by our middle-level subordinates. Hopefully, this interpretation is not different from what we seek to project. It is also true that one cannot meet all the motivational needs of the many members in very large organizations. Rather, the search is for cen-

tral rewards perceived to be important by either the majority or by those who most influence the majority.

Sometimes this substrategy is importantly linked to our capacity for generating incentives for desired directions of action, for accurately defining roles of individuals and linking their goals to our own and for placing decisional authority at the appropriate levels of expertise. Such organizational processes involve the wise use of responsibility centers, and the allocation of resources in ways that stimulate and reward those who bear the main burdens of achieving organizational goals.

Leadership. Like motivation, our concept of leadership is often discerned from past, successful, smaller group experiences. These have often been situations wherein our direct involvement was seen, served as a role model, and was interpreted directly and favorably by influenced subordinates. Perhaps an identical approach will serve well in very large organizations; perhaps it will be inappropriate.

Apart from an understanding of leadership concepts, there is the difficult matter of communicating a chosen style down into the trenches of a large organization. The "Great Speech" will not do it, nor will the well-intentioned (or not so well-intentioned) actions of subordinates do it. Moreover, the further one gets away from the "Great Leader," the less individuals tend to be influenced by posturing and the more they are influenced by an understanding of the rationale influencing decisions, especially resource allocation decisions, affecting them. Individuals also draw important assumptions about leadership from their real or perceived involvement in the decisions that impact on them. The more they observe unexplained impacts on themselves, the more likely they are to interpret the organizational climate as impersonal, despite what the content of the change of command speech implies.

Power and Influence. Formal authority is a quick and useful way to influence. Authority also has considerable limits in large organizations when one is highly dependent on others who can contribute or withhold their creativity and full support. For influence to be consistently effective, executives must possess and deploy many power sources, only one of which is authority. These sources and the tactics for them are treated in another part of the course.

Group and Committee Dynamics. The executive requires a conceptual knowledge of group dynamics. His or her day will be spent interacting with internal and external groups. Groups can be the source of resistance and antagonism, or they can creatively supplement the formal motivational and control systems by reinforcing quality and quantity performance standards. The top manager's insight into these processes, and his or her strategies for group utilization and direction will importantly influence the posture and utility of groups. Setting a climate for open discussion and listening, far more than talking, are not necessarily easy for the activist, take-charge person. The complexity of upper level issues inevitably lead to wide-ranging and conflicting suggestions requiring considerable synthesis skill. For this rea-

son, a large organization demands the formation of issue based executive teams functioning with the senior executive to manage inherent complexities.

Conflict Identification. For high-level leaders, daily life is largely centered on dealing with conflict. This is normal, since what cannot be resolved moves inexorably toward the top, and what nears the organizational apex represents very difficult conflicts. When it gets to the level of top executives, generally speaking, someone will lose and someone will gain—either in resources, status, or in ego. Conflict is many faceted and can be categorized as person-to-person, and group-to-group. Sources of conflicts may stem from task interdependencies, task dependencies, inconsistent performance and reward criteria, and difficulties regarding the sharing of common resources (air support, strategic lift, ADP, and so on).

Executive responses require accurate diagnosis of the cause, not the symptoms, of conflict and then the application of such strategies as restructuring, confrontation, smoothing, forcing, compromise, and bargaining. The executive also recognizes that conflict is neither good nor bad in itself. Indeed, there are situations in complacent organizations when the executive's strategy will entail the initiation of conflict.

Substrategies for Organizational Adaptation and Change Processes

Successful military executives require a practical underpinning in change processes. Forces for change may involve modification in tasks and goals, technology, people, and structure. Forces resisting change will stem from the difficulties of the change itself to the process or method by which the change is to be undertaken. Change strategies involve (a) a technology strategy that centers on change in work flows, methods, materials, and information systems; (b) organizational structure strategies for internal changes seeking realignment of jobs and responsibilities; (c) task strategies focusing on specific job activities aimed generally at productivity improvement; and (d) people strategies that are directed toward improving communications and relations among individuals and groups to achieve increased organizational effectiveness. How accurately executives diagnose the problems and how accurately they recognize the need and direction for change will itself affect the change process as will the use of a mixture of the strategies just outlined.

Substrategies for Time Management—Yours and That of Your Subordinates

Not many top managers have an explicit awareness of the way in which their time is consumed. They are carried along by a stream of almost random events over which they believe

they have little control. Ceremonial events, questions from the external environment, conflict resolution, personnel problems, telephone calls, visitors, meetings, and the like regularly exhaust both the day and the top executive. Indeed, constructive work is done after and before the normal working day and on weekends. Top managers who do not manage their time create even greater time management problems for subordinates who spend considerable time waiting for the boss. Frequently while they are waiting, others are waiting to see them. The consequence is waiting rooms filled with important people and substantial losses of lead time. Executives, using secretarial assistance, must carefully audit, prioritize, and control their time. Similarly, they need to observe appointments and other actions that will stimulate their subordinates to preserve time.

Summary

Directing the affairs of large, complex organizations requires a balanced and integrated point of view. One must resist the natural tendency to focus most on those areas one knows best from past experiences. This is a common fault of many senior executives. Acting on predispositions built from past successes, they sometimes conceive strategies ill suited to the organizational needs of the present.

To guide, rather than react, one needs a comprehensive view or framework which includes a good insight into: the external environment of the organization; the internal environment; the managerial processes of organizing, decision making, planning, and control; the behavioral processes of managerial style, motivation, leadership, group dynamics, conflict management; and concepts of change processes. Moreover, one must have a good understanding of the tendency for large organizations to filter out some of the top individual's intentions on the way down and to filter out unpleasant, but essential, information on the way up. One of the sadder sights in large organizations is that of top brass busying themselves at ceremonial tasks and random organizational events, while the organization, like an iceberg, moves along inexorably on a path set by momentum and internal preference, rather than in the direction the "Great Leader" intends. In such organizations even well-intentioned leaders can become isolated from the affairs of their organization, while simultaneously believing that they are very much on "top of things." Market forces have a way of abruptly changing this attitude in profit-making organizations. Unfortunately, in nonprofit organizations it takes a massive amount of information to alter misperceptions of high effectiveness. Strategy is, if anything, more important in not-for-profit organizations than in profit-making organizations. See figure 3 for an analytical approach to diagnosing the needs of an organization.

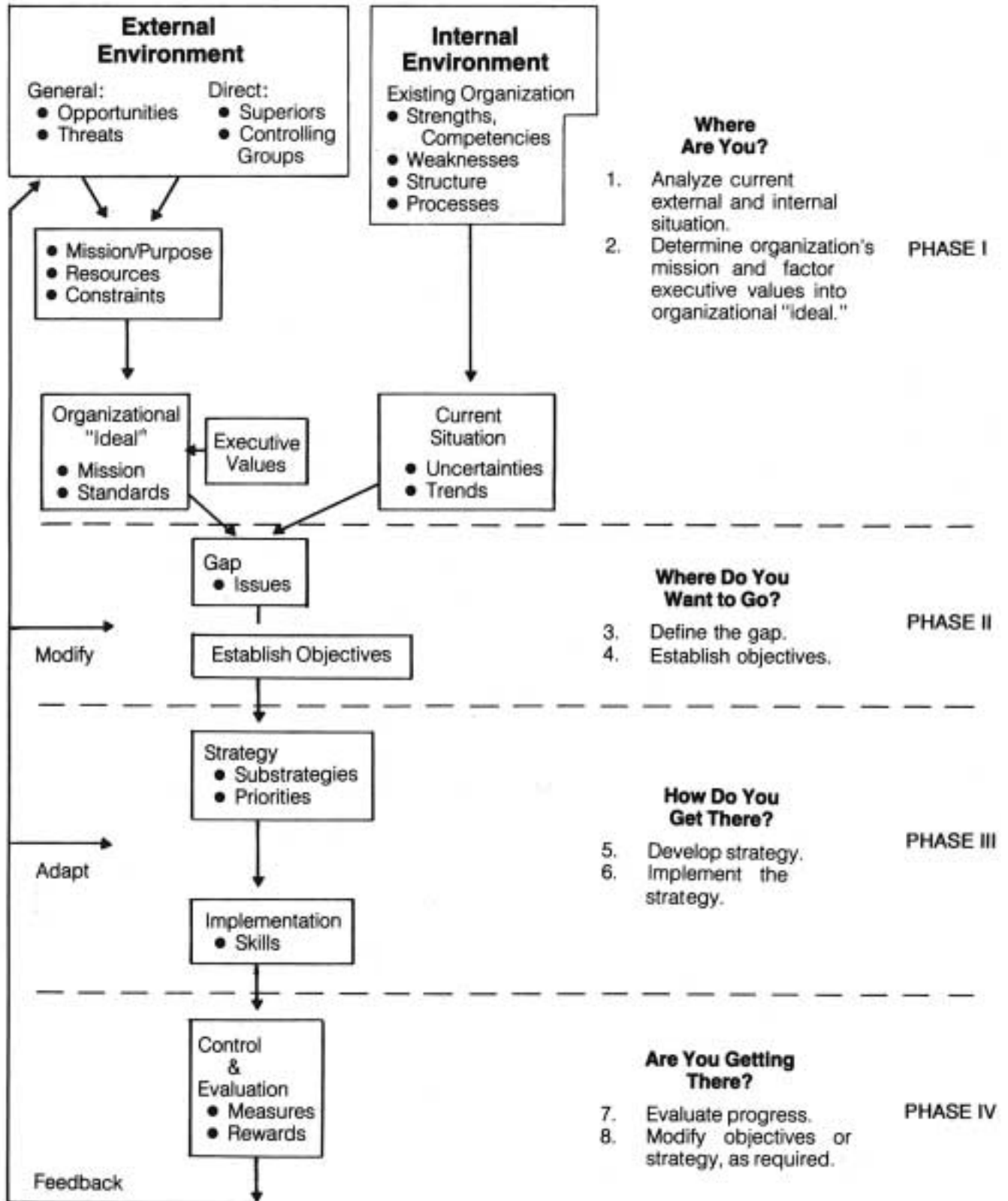


Figure 3. An Analytical Approach for Diagnosing an Organization and Framing Priorities