

the New Management Network™

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Value Starts from Today

ORGANIZATIONAL SURVIVAL

If your organization doesn't have survival as a primary objective or theme, then it should have. Along with General Motors, IBM and all the other "successful" organizations, every local businessman, government department or agency, in fact every organized endeavor, is challenged to rethink its business. And all of them, public as well as private, are in business, whether they like to think so or not.

Surviving means changing, and change is always stressful. Today you have a choice in the type of stress you prefer. You can choose continuous, managed change for your organization, or you can wait until the Board of Directors is forced to appoint a new CEO, a "fixer", to perform radical surgery. The alternatives to these voluntary actions can prove to be even more stressful. The organization can be sent away to a hospice, run either by a receiver-manager, a competitor willing to merge, or a turn-around-investor willing to acquire. When all else fails, the organization will end up in the hands of the undertakers of the business world, the bankruptcy specialists, who will relieve everyone of the pain of disposing of the remains.

This morbid representation of the challenge of the uncertain economics of our time is unprecedented within the life span of most executives. Retraction, even if necessary, is difficult to accept. The mental set seems depressingly negative compared to a "survival through growth" view of the future with its gung-ho, rah-rah battle cry. But the re-emergence of business fundamentals from the masking effect of the historically abnormal post-war growth period contain valuable lessons for the less certain future: fundamentals like

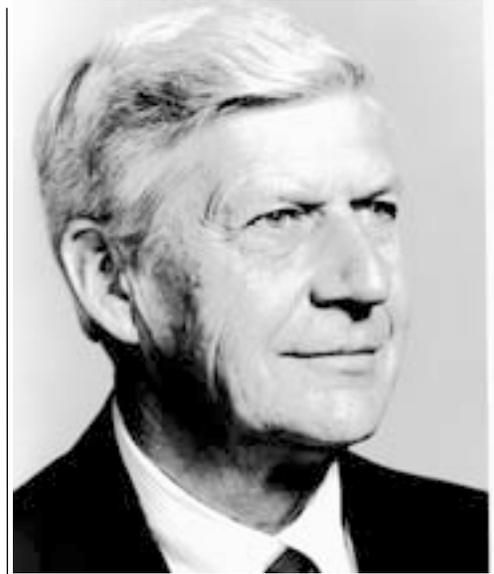
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Inside:

Working Wisdom: Creating Self-Renewal in Our Work Lives 2

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Gerry Hillis

Gerry specializes in consulting to senior executives on strategic, organizational and policy issues. He has consulted to clients in the engineering, manufacturing, finance and insurance, oil and gas, mining and distribution industries and to agencies and departments of provincial and federal governments. He consults in Canada, the United States and Costa Rica. He is a Chartered Accountant and a Fellow of the Institute of Certified Management Consultants of Ontario.

The New Management Network

The New Management Network specializes in empowering leaders to make things happen in complex organizations. Drawing on experience in industry and government, the Network puts proven transformational change technology to work.

Working Wisdom

A Workshop Series

**At: The Gestalt Institute
of Cleveland**

**With: Bonnie Fowke
Susan Schroeer
Dorothy Siminovitch**

Generativity: the motivation to put something back.

Leadership must concern itself with the future development of its organization to ensure its perpetuation and orderly succession. For a successful response to future needs, organizations need to practice **generative** management, where structures and processes undergo continuous renewal. Generative management is a process where wisdom nurtures the emergence of new values, new initiatives, new products, new plans and new ways of carrying out business. Four one-day sessions (**October 1994, December 1994, February 1995, May 1995**) are directed towards personal and professional growth of executives who seek the skills to practice the critical wisdom of generative management in their organizations.

The sessions will explore generativity, and how to be generative, define a generative organization and benefits, assess generative practices of participants' organizations, identify the supports needed to make it work, and how participants can use appreciative inquiry to enhance their organization's future.

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how to keep the cash flow in balance when there's no easy credit and the importance of clear, thought-through, unifying statements of business purpose and direction.

Given that your organization still has a choice, it is obvious that the stress of systematic, continuous organizational change, the preventive health route, should be chosen first. And the next choice for effective, internally-generated renewal is the right strategy.

Strategy formulation is a creative exercise demanding extraordinary awareness, perception and insight beyond logic and specialization, most often based on broad knowledge and experience, but not always. Those who decide the strategic positioning for an organization need all the perception and insight they can muster. Then they need the courage of their convictions for they carry the ultimate responsibility for survival of the enterprise.

The CEO and the Board must get all the information and analysis they need to satisfy their joint responsibility for strategy. This has to include harnessing the knowledge, creativity and intuition of their senior executive group but not in their capacity as specialists within the organization. The discipline to evolve strategy differs by focusing on the organization as a whole within its total environmental context. It is at this level that the strategy must be optimized. This is to be compared with Operations Improvement strategies which rely on specialized knowledge and ideas for the continuous improvement of methods, processes, products, markets and competitive advantages. These are vital for maintaining competitiveness in the existing businesses, but the sum of these strategies do not constitute corporate strategy which has to concern itself with redefinition and invention, as well as competitive underpinning.

“. . . fundamentals like how to keep the cash flow in balance when there's no easy credit and the importance of clear, thought-through, unifying statements of business purpose and direction.”

Organizational survival is threatened when the best-laid strategies are dealt a rapid combination of hard body blows that undermine the organization's business base. Witness the current plight of the North American auto industry. Twenty-twenty hindsight makes this plight clear and a clear lesson for other organizations. In the mid 1950's, the Big Three had it made. Flush from their post-war success, they forged alliances and invested in European auto producers, a combined foreign expansion and home-market positioning move, in the event a small car market should develop. Gasoline was 25 cents a gallon and full efficiency was not a big consumer factor. The home-market was well protected from new entrants into the auto industry, as those who tried, such as Bricklin, sooner or later

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found out. They would have to compete, not only with the low unit cost of establishing high-volume and efficient production lines, but also with a pricing policy as part of the grand strategies that sold new cars to dealers essentially at cost. Auto industry profits came, not from the sale of the original car, but from the subsequent sale of repair parts. Parts sales were further protected by the frequent model changes that made it improbable that a competitive aftermarket parts manufacturer could get enough volume in any one part to start up. The auto industry had to maintain huge warehouses full of parts from the last production runs of every model, but the investment was well worth the cost.

Then, as we all know, the industry was struck a series of setbacks from which it is still reeling. Like boxing, it is the combination of blows where it's the fatal one that can't easily be anticipated that will floor you. First the Japanese struck with high quality, cheaper, energy-efficient exports, having taken the time to become efficient producers and establish the required repair parts volume at home and with a timing that found North American car buyers recep-

Body blow number two ruined the monopoly on replacement parts—the start-up of the aftermarket parts producers like Magna in Canada and Echlin in the United States. This was possible mainly through new technology which introduced machine-programmable, small production runs (now even further evolved to the point of the batch of one). Further blows came from the anti-pollution and energy-efficiency targets of government regulators and from union work rules which reduced the industry's flexibility and ability to adapt.

These diversions have caused the mammoth North American Auto Industry to lose out not only in the global marketplace but also to lose its grip on the market at home. Executive energy is still being directed to shoring up operations, downsizing, closing plants, all the remedial things. What might the industry have done differently? What would Henry Ford have done?

The strategy of survival is as pertinent for the new economy of service and high technology as it is for the old of resources and manufacturing. Uncertainty, discontinuity and rate of change shift the ground under all organizations today.

The strategies we formulate today determine our future, past successes of even formerly called blue chip corporations don't tell us anything about their continued ability to survive. The value of any company stock, the worth of any government function or institutional service, starts from today.



Dorothy Siminovitch

Dorothy specializes in conflict resolution, high performance team development and the enhancement of organizational spirit. She is particularly skilled in developing and facilitating organizational learning opportunities. She is a faculty member and governor of the Gestalt Institute of Cleveland. Her doctoral degree was conferred by Case Western Reserve University's Department of Organizational Behavior.

The New Management Network

We support executives to act quickly, directly and profitably, on what needs to be done for success.

The New Management Network is a distinctive peer group of independent management consultants who share common professional ideas, understand creative innovation and are dedicated to releasing the human spirit in organizations.

Members of the network serve clients on issues of corporate purpose, strategic clarity, company-wide alignment with direction, teamwork and organizational culture.

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Donald Fowke

Three decades experience consulting in strategy and organization to chief executives in a broad range of industries and to leaders in government on policy and administration. A graduate of the University of Saskatchewan and MIT's Sloan School of Management. A Professional Engineer, a Fellow of the Institute of Certified Management Consultants, and a member of the World Presidents' Organization.