

Internal motivation and external strategy : the same challenge !

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Whatever uncertainties the future might hold, companies will be faced with the same external trends and will have to cope with the same challenges. It is, as always, the corporation's structure and behaviour coupled with the quality of its staff which will make the difference between winning and losing. This is also the reason why there are profitable companies in sectors said to be declining and losers in sectors said to be expanding. For instance, when a company is in trouble, there is no point in blaming technology or unfair competition nor in propping it up with subsidies. More often than not, the problem can be explained by a defect in the firm's quality of management; i.e., the inability to innovate, to anticipate problems, or to motivate employees.

Why and how does one anticipate ? What are the strategic consequences of environmental changes ? How can the challenge to motivate people be taken up ? And lastly, where does the future for management lie ? Answers to these questions are inextricably linked as internal motivation and external strategy feed upon one another.

1. Motivation and strategy : the management gap

For many companies in trouble, the reasons for sinking into the red can be found in internal management inadequacies rather than in the storm raging outside. As in sports, there can be no winning team without a good captain. The ideal leader must know how to forecast events encourage support and enthusiasm, act with tenacity and react without haste. Strategy requires more than just the right course; it also needs a team which is prepared and motivated to do the job. Hence, the external and internal challenges of a company are really one and the same opponent in a war that must be won on both fronts at once or else not at all. In other words, when faced with strategic environmental changes, the future of a corporation depends largely on its internal and external strengths and weaknesses.

Of course, the distinction between "strategic gap" and "performance gap" must be made, without forgetting "management gap". Let us consider, as an example, the following question : Is it absolutely essential to grow in order to be profitable ? In the late 70s, automakers believed that only two or three large manufacturers in the world would survive up to the year 1990! In the name of this myth of minimum critical size in the global marketplace, PSA embarked on its Chrysler adventure and Renault followed suit with AMC. Fiat, on the other hand, restored its competitiveness by pulling out of the American market and refocussing on Europe. It could well be that "the scale effect is less and less dependent upon size", particularly given the existence of network organisations.

In reality, smaller, higher performing companies do still exist in the same sector. The correct question, therefore, is how to be profitable given one's current size ? The answer to this query often implies opting for a temporary decrease in growth rates. Yet companies, rather like trees, grow better after being pruned.

In other words, the "strategic gap" or the difference between actual and desired growth in terms of volume may be less important than the "performance gap". What counts is to be profitable the level where one happens to be.

One of the conditions required to close the "performance gap" is of course to catch up with the "management gap". The latter poses the question of adapting structures and behaviour within the firm. The main factor limiting company development is the human factor, the time required to train men and women and motivate them around projects. As a matter of fact, action without a goal is meaningless. It is Anticipation that points the way to action, thus serving as a milestone for direction and meaning.

2. From reactivity, to pre-activity and pro-activity

Anticipation is not widely practised by decision-makers because when things are going well, they can manage without it and, when things are going badly, it is too late : they have to react quickly ! However, reactivity is not an end in itself ; desirable in the short term, it leads nowhere if not directed towards the company's long- term objectives, for *"there is no such thing as a favourable wind for he who knows not where he is going"* (Seneca). What we call in France the prospective approach does not consist in waiting for change in order to react; instead, it aims at controlling the expected change (pre-activity) and provoking a desired change (pro-activity). The idea is to harness the productive force of the future.

A practical conclusion for decision-makers : from now on, when you prepare a plan of action, write down three columns in your matrix, one for reactivity, one for pre-activity and one for pro-activity. None of the three should be too empty or too full. Of course, in periods of crisis, reactivity prevails while in growth periods, changes must be anticipated and induced, particularly through innovation.

Future Developments are not fatalistically determined. Development depends on people and their capacity to appropriate possible futures so that they can take action and steps towards the future in a different way.

3. The nail's dream and the hammer's fallacy

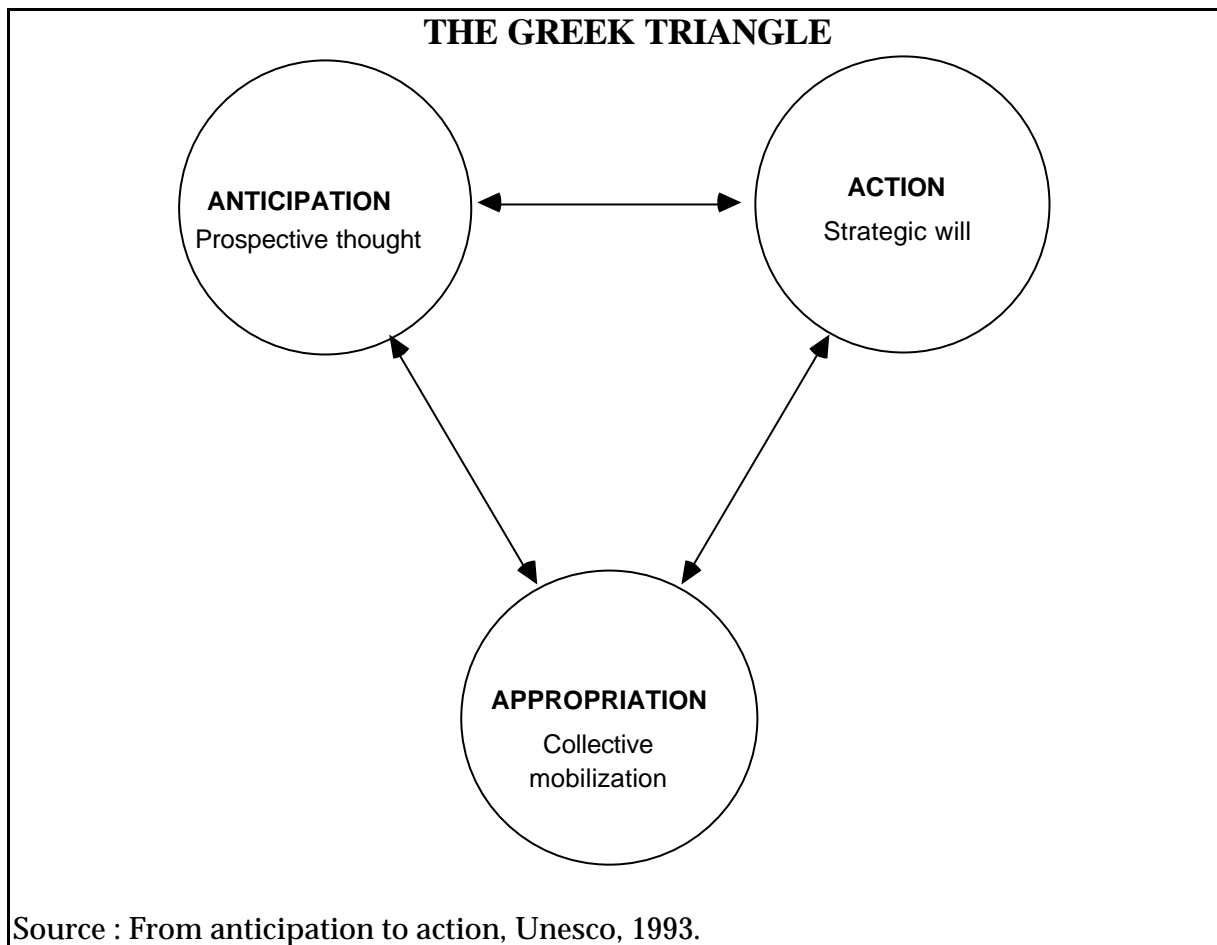
Faced with uncertainty and the complexity of problems, human beings are not devoid of weapons. Yesterday's tools may still be useful today. Even when the world changes, some constants and similarities in the nature of the problem encountered remain.

The tools of strategic analysis and prospective are useful for stimulating the imagination, reducing inconsistencies, creating a common language, structuring collective thought and enabling appropriation. Their limits and the illusions of formalisation must not, however, be forgotten : tools should not be a substitute for thought nor a check on freedom of choice. We should therefore fight to eliminate two symmetrical errors : being unaware of the hammer's existence when meeting a nail that has to be driven in (the nail's dream) or, conversely, under the pretext of knowing what a hammer is for, ending up thinking that every problem is similar to a nail (the hammer's fallacy). We are involved in a paradoxical fight : distributing tools and spending a great deal of our time dissuading neophytes from using them inappropriately.

In short, these tools should be sufficiently simple to remain appropriable, for if there is no appropriation, the result is rejection. The best ideas are not those one has but rather those one generates.

Strategic prospective : from anticipation to action through appropriation

Intellectual and affective appropriation is a compulsory stage if anticipation is to crystallise into effective action. We can define these three components of the Greek triangle (cf. diagram below) : "Logos" (thought, rationality, discourse), "Epithumia" (desire in all its noble and not so noble aspects), "Erga" (action and realisation). The marriage of passion and reason, of heart and mind is the key to successful action and individual fulfilment (the body). Let us give the same message in colour : the blue of cold reason mixed with the yellow of warm feelings produces the green of brilliant action.



4. Companies in the face of change

Developments in the environment oblige a company to respond with both speed and flexibility, two capacities which are shaped largely by the corporate structure. From now on, structures will have not only to adapt to developments in the environment, but also to anticipate them since inertia will necessarily delay adaptation.

There are many strategic consequences of changes in the environment. We have considered nine major trends and have shown some of the usual consequences on corporate organisation and strategy, in the table below.

<i>Environment</i>	<i>Strategic consequences</i>
1. Uncertainty	Adaptability and flexibility Pre-activity, pro-activity Visions and projects
2. Interdependence and complexity	Global vision and simple structures
3. International imbalance	Regulation through information and financial networks - "world economies"
4. Globalization	Internationalisation of activities Local implanting
5. Low and uncertain growth of ageing Europe	Fight for market share, productivity, quality, differentiation Innovation
6. Technological changes	Progress of process, more than products
7. Deregulation	New competitors
8. Economics of diversity Mass production of variety	"Multi-small is profitable" autonomous and responsible teams
9. Autonomy, differentiation	entrepreneurship, intra-preneurship

Flexibility and adaptability are certainly required when faced with an uncertain environment. Uncertainty actually reinforces the need for vision and projects, if only in order to position oneself in relation to objectives.

The growing interdependence of the phenomena makes them more difficult to understand. Now more than ever, an idea of the 'big picture' is needed before embarking on any course of action. There is little point in setting up complicated structures to tackle this complexity of the environment. Instead, simple, lean forms should be preferred.

The persistence of international imbalances (geopolitical, demographic, environmental, economic) and the absence of a global regulator, are partially compensated for by new forms of regulation and "world economies", to use Fernand Braudel's expression. As a result, the international financial network operates around the clock and around the world. The same may be said of information. The many international disruptions and non-tariff exchange barriers have not prevented the globalisation of commercial activity. In fact, ever since 1945, the annual export figures of manufactured products have risen faster than the production figures. Firms must, therefore, spread out their activities on a global scale, a move which requires some internationalisation of its executives. It takes time, however, to train executives who are foreign to the corporate culture.

Three trends - deregulation, technical change in processes, and sluggish growth caused by an aging Europe - combine to revive competition. Indeed, the struggle for market share is fought on the basis of the best quality/price ratio. Every single company must stand out from the crowd, automate production to increase productivity (progress of processes) wherever possible, and confront new competitors. Of course remaining competitive means performing in terms of price and quality of products or services, which must be revamped continuously through innovation.

The human and organisational factor plays a decisive role in competitiveness. A company would also do well to maximise its use of the new information technology and communication networks. We have entered the era of the economics of diversity. In other words, the future trend is mass production of variety on a small and profitable production scale. This technical and economic development is in sync with the shift in the individual's need or desire for greater autonomy and differentiation. In managerial terms, this means installing small autonomous teams of responsible intra-preneurs.

The whole organisation of the company is affected by this "mental revolution", already expressly desired by F.W. Taylor in his "Scientific Management".

5. From the end of habit to the start of the mental revolution

People can only perform something well if they understand what they are doing. As Henri Fayol stressed : *"if to govern is to foresee, to obey is to understand"*. The famous first-class manager described by Mary Parker Follett is not the one who gives orders to fellow-workers, but the one who encourages initiatives which follow the direction of orders that might have been given.

Managers who can establish authority through their competence and organisational powers can allow co-workers to take initiatives. Such managers no longer even need to negotiate objectives which are generated quite naturally. In France, we are further away from this novel ideal than elsewhere, perhaps because of the methods of training and selection of managers in large companies.

The new role of executives

	YESTERDAY	TOMORROW
SCALE	Big	Small
TASKS	Divided	Complex
SKILL	Limited	Versatile
AUTHORITY	Through status	Through skill
RELATIONSHIP	Hierarchical Directive	Autonomous, responsible Communication
SUCCESS	Dedication	Initiative, reactivity
OBJECTIVES	Imposed	Negotiated
CONTRACTS		Incited
ACTION	A priori control	A posteriori control

This enlightened, pragmatic management maintains an all-encompassing view and yet a well-grounded position. It is effective because the principle of subsidiarity is applied to a firm. As a result, everything that can be decentralised is decentralised and everything which must be centralised is centralised. Attaining this "strategic centralisation - operational decentralisation" means balancing rigour and flexibility, in other words, enforcing strong guidelines yet maintaining maximum individual autonomy.

The era of large industrial groups or services is not over. Important restructurations and mergers are under way and the size of firms in one sector may shrink dramatically. Although some research, production and marketing functions may imply greater strategic centralisation within the economic globalisation process, others need to remain decentralised and structured on a human scale in order to be efficient. More often than not, it is preferable to organise a large group as a collection of small and medium-sized firms. It may even be worth instilling a healthy competitive spirit within the company in order to encourage innovation and improve performance, as the cheese-making group Bongrain has managed to do so well. "The smaller one is, the healthier one is". Not only is "multi-small" beautiful, it would also appear to be profitable. The organisation of a firm into small operational units on a human scale may just be the secret behind the ability to adapt constantly as well as the key to innovation.

Globalisation increases the need for differentiation among cultures and for local identification, two components which feed off each other. This symbiosis may be seen in the organisation of the ABB group, created by the 1988 merger of the Swedish company, Asea, and the Swiss firm, Brown Boveri. It is easier to motivate people in

small, autonomous and responsible groups where everyone knows one another -- at least by sight-- than in large anonymous groups.

Management also implies considering an individual's fulfilment in both his professional and personal life, which may be distinct yet remain indissociable. In this sense, during the 80s, firms were able to reclaim a certain feeling of citizenship over and above their economic objectives. People were able to work in a place of privileged fulfilment around shared objectives. In many cases, the dynamics have failed because they did not resist the recession and restructuring of the 90s or, quite simply, the procedures did not survive the departure of the people who had introduced them. The climate has also deteriorated greatly in companies in the 90s compared to the late 80s : the dream has been replaced by disillusionment.

How can one claim to succeed on the outside if divided on the inside ? As Lincoln said : "A house divided will not stand." Kicking one's own players in the shins is not the way to score goals. It is neither by constantly changing players' positions nor by benching certain players suddenly for reasons of pure financial logic that harmony is achieved in teams. How can people be kept permanently motivated in their work ?

6. Beyond fashions, three principles

Managerial styles have come and gone yet one common denominator remains : people need new challenges to motivate them. Given that the involvement process is the key objective, it may be reached with or without the desired result. It is in this sense that shared strategic analyses can be a combining of collective commitment, contrary to what Henry Mintzberg puts forward. The most difficult task lies not in making the right choices but rather in ensuring that everyone asks the right questions. A problem well presented and shared by all those concerned is already half solved. Is this not what Michel Crozier means when he says: "the problem is the problem !"

Over and above fads, there is both experience and conversion, because the world changes yet the problems remain. These problems are linked to human nature, that great invariable factor of history. As a matter of fact, human nature hardly changes. Over the course of time, people have retained worrying similarities in behaviour which lead them to react in quasi-identical, and therefore predictable, fashion when placed in comparable situations. A glance back at the writings of this century's management pioneers (Fayol, Taylor, Mary Parker Follett) will convince anyone. One should also return to the sources of strategic military thought (Sun Tzu, Clausewitz, General Beaufre) and consider the organisational models which have stood the test of time, like the Church. A dozen set out to lay the foundations of an institution that has lasted for 2000 years! The Catholic Church's longevity can be explained in several different ways : an individual commitment to serve a common project, membership of a very structured community but with the principle of subsidiarity, and a limited number of hierarchical levels (the parish priest, the bishop, the pope) for such a varied and mass organisation.

If the main factor of competitiveness and corporate excellence is indeed the human and organisational factor, and if processes are also required to involve and motivate people, the question remains as to why these processes change over time, differ from country to country and, in the end, succeed or fail? In other words, on which factor is success contingent?

The acknowledgement of the contingency of keys of excellence and the fragility of managerial fashions would be appalling if it were not possible to extract a management principle which could stand the test of time.

The 1001 keys to success and the contingency principle

The contingency principle resurfaces regularly in the literature. As P. Lawrence and J. Lorsh wrote as early as 1968: *"There is not one structure that is better but rather different structures which are the best under different conditions"*.

There are no universal key factors to success that apply to every situation. Zero stock and firm flows have been profitable objectives for some firms but also very costly for others. Management theoreticians should remember their statistics lessons and not confuse correlation with causality.

The principle of contingency must be acknowledged in order to accept that there are combinations of human, organisational, technical and financial factors which may be effective in one context but not in another. These combinations are multiple and changeable over time.

The factors which can break habits and the principle of change

Another constant can be put forward as a key to success. It is precisely the principle of change or the "source of diversity". It is well known that "boredom is born of uniformity". Variety is an indispensable stimulant for motivation. Without variety, efficiency declines; with it, everything is possible. Elton Mayo's experiences in the 30s come to mind here. By raising then lowering the intensity of light in Western Electric's workshops, Mayo improved production every time.

Hence we reach a paradoxical conclusion: there is no such thing as a universal key to excellence! It has to be remodelled continuously, according to developments in the environment, and contrary to the habits that lull organisations into an occasionally fatal deep sleep. It seems that there are a thousand and one keys for excellence (contingency principle) and they must be constantly changed (change principle).

As in sport, in order to keep motivation high, players need factors which break habits. Sporting competition is organised with this in mind. Players must rise to challenges that are constantly renewed, be it only through a forever remarkable succession of victories and defeats.

Sensible management regularly introduces "habit breaking factors". If humans are to remain motivated (entertained), they must be permanently stimulated by fresh challenges or higher stakes which work all the better when new and are all the more pertinent when part of a coherent path. The succession of managerial styles must be considered within the logic of this envelope curve.

Every fashion in management is marked by success and failure. This fact serves to remind us that the bottle alone cannot convey the drunkenness of motivation which wears off once the process of involvement is finished. A new challenge must then be found to rekindle people's interest, since humans are always at the centre of any change.

The question of meaning and the principle of mutual acknowledgement

People need challenges and projects to give meaning to their lives. People moving towards a different future find the essence of what they seek in life on the way : the social link and mutual acknowledgement that any common enterprise procures. This is exactly what the German proverb means when it says : "der Weg ist das Ziel", the path is the goal.

What is needed is a global vision for local action. People should be able to understand the meaning of their actions at their own level, in other words, they should know how they fit into the large-scale project at hand. It is, however, preferable to carry out a management project without uttering a word rather than talk about it and actually do nothing. Small concrete projects would be better than one big illusory project. The reason : the appropriation process counts far more than the project itself. It is undoubtedly this defect in the appropriation process, combined with excessive discussion of management projects in Europe in the late 80s, that devaluated the concept. Fashion has replaced the word `project` by the closely associated `vision`, which appears all the more new returning from America. A firm's future vision must, of course, be ambitious yet sufficiently realistic so that it may be turned into concrete projects accessible to all. A future vision, although shared, does not claim to evolve into a single great and unique project that will be imposed on everyone in exactly the same way. Instead, it translates into a multitude of projects within the scope of the many facets of the company or group.

Organisations will increasingly need to shed light on their actions according to possible and desirable futures. They will be able to do so in an even more effective manner since people's preoccupations will be a priority and, of course, individuals are necessarily at the root of all problems, solutions and wealth. In short, management, like the art of making forces converge to reach strategic goals, has a great future which reflects its rich past. Beyond fads and fashions, strategic analysis has acquired a solid heritage and has begun rediscovering the importance of Socrates' message: "know thyself". Self-knowledge is essential to anyone before asking where to go, what to do, and what might happen. Indeed, one must know oneself well, for as Vauvenargues said : "the awareness of our strengths increases them, the awareness of our weaknesses reduces them"!