

The progress that the science — or art — of management has made during this century has contributed to the authors' suggestion of a fourth blueprint for the management of organisations.

The Fourth Blueprint: An Emergent Managerial Frame of Reference

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Introduction

All managers, in a sense, are applied psychologists; however the way they manage and relate to people is the result of at least three major factors:

- (1) their own individual predispositions;
- (2) the inventory of ideas and models available in society concerning the way organisations ought to be managed;
- (3) their experience in applying these ideas and models in practice.

It is these last two factors with which we are specifically concerned at this time.

During 1983 the two authors and a colleague were commissioned by the Australian Institute of Management (Queensland) to "undertake research into the interaction between strategy structure and culture in Australian organisations". In carrying out this task, we spoke to the

CEOs of 50 of Australia's better-run organisations. These organisations covered both the public and private sector and were made up of those that were the best financial performers in different industrial groupings as well as those that were not the best performers but had a reputation for being well-run organisations.

The results of that research have been published in a monograph entitled *Frontiers of Excellence*. However, many of the findings of the research started us thinking about the fundamental assumptions that have underlain managerial psychology over the last 40 years. As a result, we went back and reread the managerial literature from the early 1900s onward. It now seems to us that such thinking may be grouped into three clusters, or what we have termed blueprints:

- (1) the traditional model,
- (2) the human relations model,
- (3) the systems model.

These blueprints have acted as templates or frames of reference for managers in their attempts to build successful organisations and also for managerial theorists in their attempts to understand organisational behaviour. Such templates are descriptive to the extent they capture the essence of the challenges and pressures of their times; but they are prescriptive also in that they contain a normative model about the way organisations "ought to be" managed.

As a result of our research into the way Australian CEOs think and go about their tasks we are convinced that in Australia and most probably in the western world, we are observing the emergence of a "fourth blueprint" — and it is the nature of this fourth blueprint which we are currently writing up for publication in a forthcoming book.

In this paper we wish to set out the fourth blueprint as we currently understand it and show from examples of our own research how we were led to infer its existence. Where necessary comparisons will be made with the systems model to point out how the fourth blueprint overcomes its inherent limitations and copes with current managerial challenges.

The Systems Model

The third blueprint — the systems model — was characterised by the following characteristics:

- (1) interdependence,
- (2) openness,
- (3) holism,
- (4) rationality,
- (5) objectivity,
- (6) a concern for teamwork based on tightly coupled groups.

Over time these characteristics have ceased to be applied with conscious intent to a specific class of problems, but have become instead a series of unconscious assumptions about the nature of the world and management itself. In such a form their capacity to be misapplied is dramatically increased.

Interdependence

Although the systems model was originally designed to study islands of interdependence, some writers drew the conclusion that everything is connected to everything else. Based on the work of Emery and Trist, the assumption was made that the environments with which organisations had to deal were becoming increasingly turbulent, i.e. everything was related to everything else. The Club of Rome world model was based on similar misconceptions. The key assumption was that the systems under study were tightly coupled. In a similar way organisations were conceived as being made up of a number of tightly coupled subsystems. But the daily activities of many large organisations clearly contradicts such assumptions; the CEOs of the large divisionalised market-driven organisations of our own *Frontiers of Excellence* study recognised that many of their SBUs faced unique environments and were actively seeking and encouraging individual autonomy in dealing with the issues that such environments pose. Indeed they were *reducing* relatedness.

Openness

The original concept of openness as propounded by Von Bertalanffy was that a system must be in an exchange process with its environment in order to avoid entropy death. At the organisational level this exchange process may be interpreted in terms of a flow of organisational resources in exchange for goods, services and money.

Over time this has been reinterpreted in terms of the organisation being open to environmental influences in the broadest sense. But such a broadening may lead to a neglect of the importance of boundary closure against unwanted influence. From the former perspective an organisation becomes a reactor against environmental influences; from the latter it becomes a proactor acting on the environment to lessen or mitigate environmental influence. The proactive perspective draws attention to the importance of those people who occupy boundary spanning roles.

The CEOs we interviewed in our Australian study made frequent reference to the importance of the necessity of a proactive approach to the management of their political linkages. "Why" said one CEO whose industry was a focus for much political attention "we have come to realise that we just have to get involved in party politics". It is not surprising therefore that such CEOs kept a very tight rein on who were allowed to carry out such boundary spanning roles.

Holism

The emphasis on holism associated with the systems model has often led to an overemphasis on the unity of the entire organisation and a failure to recognise the often critical differences in values and interests which may exist. Although it is readily accepted that the external environment may well be characterised by uncertainty and conflict, power struggles within an organisation are often swept under the carpet as if by some act of magic they will thus go away. Associated with this is another assumption that internal political activity and the use of power in an organisation are associated with inefficient or ineffective operation.

Yet it is the culture of an organisation that determines the way power is used and the types of mechanisms that are available for conflict resolution. Further, the actual distribution of power may lead to "goal displacement" in which the actions of executives may reflect a concern for internal power relations rather than the achievement of espoused organisational purposes.

Rationality and Objectivity

The operations research/systems engineering origins of systems theory has resulted in an assumption that organisations should be characterised solely by the pursuit of rationality and objectivity in their decision making. Thus managerial psychological assumptions based on the systems model:

- (1) attribute both rationality and objectivity to managerial perceptions of the environment;
- (2) emphasise those aspects of organisational performance and the environment which can be measured in quantitative terms;
- (3) downplay the importance of subjectivity and emotional feeling;
- (4) imply that the use of power in organisations is the result of a conscious, rational, thinking process in pursuit of well-defined preferences.

Yet perception and motivation are both profoundly influenced by emotional and non-rational factors; the recent literature on vision and corporate culture reflects a growing and often reluctant recognition of the importance of non-rational elements in understanding what goes on inside organisations.

A Concern for Teamwork in Closely Coupled Groups

In an attempt to minimise the effect of differences in interests and values and the resultant power play which can result from them, organisations have utilised a series of techniques which emphasise teamwork based on the assumption that such teamwork will develop group cohesiveness and mutual support. Such an assumption is clearly evident in the frequently heard suggestion that individuals must put aside their differences in the pursuit of

greater unity. In systems terms this is a claim that connectivity is of greater importance than differentiation. However the CEOs in our Australian study emphasised that the need in their organisations was for people who could make strong individual contributions rather than for those who were prepared to sacrifice their individuality in pursuit of greater unity.

The Fourth Blueprint

Our contact with CEOs in Australia and elsewhere has convinced us that the management of change is the number one issue confronting CEOs today; however it is the nature of this change with which we are specifically concerned. Whereas slow incremental change can be based on the patterns of the past, the challenge facing today's organisations is dynamic quantum change in which the patterns of the past become a hindrance rather than a help.

In attempting to come to grips with the issues associated with the management of such change, we have developed the framework which we have termed the fourth blueprint. Significantly the reasons for the previous anomalies become evident within its framework. There are two concepts which constitute the heart of the fourth blueprint; they are:

- (1) organisations as networks of loosely coupled systems of action;
- (2) metastrategic vision.

Organisations as Networks of Loosely Coupled Systems of Action

The systems blueprint for managerial thinking was based on the model of a tightly coupled system as a model of organisational activity. In contrast the fourth blueprint uses the model of a network or loosely coupled system as a model of organisational activity.

It further suggests the "system of action" as the fundamental building block of organisations. A system of action is defined in terms of "a shared set of meanings and the patterned behaviour and interaction that arises from that shared set of meanings". In general a system of action will consist of two or more people who are themselves actors within a number of systems of action. Thus systems of action are tied together by participants who act in a number of different systems of action. There is no requirement that the meanings perceived be objective, rational or even conscious; nor is it necessary that people will behave in any consistent manner as they participate in different systems of action.

From a managerial perspective, it is important to realise that this is much more than simply being a member of a number of different groups; the capacity to act within and move through different systems of action requires an

ability to operate within systems that operate on different sets of values, e.g. industrial relations and organisational development. This in turn requires a personal maturity and definition of self which transcends the values of any one system of action. We were struck in our interviews with Australian CEOs by how many times the concept of personal maturity and an ability to deal with ambiguity and stress was mentioned as a prerequisite for those seeking promotion to the top management team.

The concept of networks of loosely coupled systems of action contains within it a recognition that organisational reality is socially created. However, the fourth blueprint also acknowledges that definitions of "reality" whether they be the nature of the environment in which an organisation functions, or an interpretation of some critical event in the organisation's history, are greatly influenced by the activity of dominant coalitions inside the organisation. It also recognises that the centralisation of operational definitions of reality can inhibit systems of action in dealing effectively with the daily opportunities and threats that confront the organisation. Further it contends that strategic intelligence is not the sole prerogative of senior management but is an important activity of all organisational members as they interact with the different publics with which the organisation has to deal. As put by one CEO:

The company maintains very close contacts with its consumers through its large salesforce which has a direct involvement at the retailing end of the operation. It collects highly systematic information from the salesforce on changes in patterns of consumption, and on any quality difficulties which may arise.

At the most senior levels of management it is often necessary that the different values contained within the networks of systems of action should be integrated in some overall sense. In order that such differentiated networks may be integrated at a systemic level an appropriate consciously designed corporate culture must be embodied in the organisation. Whereas the systems model concentrated on group or team morale *the fourth blueprint uses consciously experienced corporate culture to release and catalyse human energy*. Thus non-rational phenomena such as myths, rituals, stories, celebrations, are of common usage. As such issues are better considered as a part of the metastrategic vision of the CEO we shall defer further discussion of corporate culture till that time.

The effective use of the concept of loose coupling requires a very much greater degree of contribution from the individual members of a system of action. Many of the CEOs we interviewed mentioned that traditional teamwork in which individuals were submerged was not what they were seeking:

- I want a team of individuals;
- I don't want more relationships between people but fewer;
- I want a team of cricket players rather than footballers.

Thus the model of teamwork so central to the third blueprint is replaced by *collaborative individualism* in the fourth.

It is not surprising that the effective management of an organisation composed of networks of loosely coupled systems of action expressing different value systems should be riddled with paradox. Indeed it is one of the fundamental tenets of the fourth blueprint that the effective management of organisations is beset by paradox. We believe that paradoxes in various forms have always existed as a part of organisational life but have remained concealed because of the nature of the models which management theorists have used, e.g. in Australia and America a harmony-based interpretation of organisational activity has tended to prevail, while European theorists have tended to use conflict-based models. The fourth blueprint recognises the essential validity of both models and insists that they be applied simultaneously; it rejects an either/or approach to understanding organisations. Thus the industrial relations framework (based on a recognition of power and conflict) represents as valid a description of certain systems of action as does the organisational development framework (based on harmony and unity) of others. Indeed often the same actors participate in both systems. What is interesting is the way in which they deal with potential dissonance between those systems.

We found that the nature of the question we asked of CEOs predetermined the model implied in their answers. When we asked a question such as "what are the major causes of conflict in your organisation?", the answer typically given was "we have no major conflicts"; instead if the question were phrased such as "if you wanted to stimulate a vigorous debate in your organisation about strategic issues, from what groups would you draw your participants?", a typical response would be: "The organisation has a healthy level of debate and conflict within it. The Deputy General Manager is my foil — he has an extraordinary intellect and he is a very aggressive person". Further examples of the management of paradox will be outlined following the section on metastrategic vision.

Metastrategic Vision

A major focus of the systems blueprint has been on strategy, dealing as it does with the relationship of an organisation with the environment in which it is embedded. The major focus of the fourth blueprint is not on strategy, nor structure nor culture but on the integration of all three within a metastrategic vision. Recently much has been written about the importance of vision for organisational success; however the nature of this vision is rarely explained and often clouded in mystery. The fourth blueprint gives structure to vision within its concept of metastrategy.

At the heart of a metastrategic vision lies a mission definition involving products, markets and technology; in

many cases this is augmented by a concept of a supporting corporate culture or driving values, e.g. Castlemaine-Tooheys engaged in a life-or-death struggle in beer markets used as a driving value the idea of winning. However such "visions", although clearly defining the goal for organisational activity, fail to specify the process that will lead to its attainment. The fourth blueprint asserts the necessity of a "vision" that includes a "map" of how its inherent metastrategic content is to be realised in practice.

This should not be taken to imply the necessity of some overall metastrategic plan carefully prepared in written form. Our study of Australian CEOs showed that "A more realistic image would be CEOs battling away at the interface between their strategies, structures and cultures and attempting to keep sufficient levels of congruence between them on a day to day, month to month, year to year basis" (Limerick *et al.*, 1984, p. 13). But this should not be taken to imply that "they don't have an overall image of their metastrategy, an overall philosophy of how those elements fit together, however poorly or seldom that philosophy is articulated".


The necessity of this was evident in our research into Australia's better-run organisations; almost all of these organisations were undergoing or had undergone

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metastrategic change. The problem of dealing with resistance to such change was clearly uppermost in the minds of the CEOs interviewed, as is evidenced by the following examples, one from a semi-government organisation and the others from profit-seeking organisations.

...in a sense the organisation and its members can be too committed and difficult to change; we are a flotilla, not a ship, and the change of direction is not easy.

The major weakness of the organisation lies in the strains it is experiencing in moulding these talents together into a longer-term culture. It is a question of maturing the organisation; we are facing too much change and our new MD will have the job of settling people down.

I am not quite a part of this organisation; I have resisted becoming a creature of the organisation; I have not become a part of it really; if you are captured by the organisation it will impose its culture upon you.

The CEO noted that he had observed different managers with different styles who had utilised different structures over a 20-year period, "but the culture has been maintained — culture over-rides structure; this culture is an historical thing; the founders' values are still driving the organisation and hang over it like a cloud".

Significantly we found the ability to articulate a metastrategic vision for the organisation was confined to the role of the CEO. When we interviewed other members of the top management team, we found they were able to articulate only specific elements of the overall metastrategic vision of the CEO, although a number of them were being groomed as possible future CEOs themselves. Nevertheless it would appear that the development of a complete metastrategic vision is a result of having to carry out the complete duties of a CEO, not some subset of them.

...one of the key tasks of a leader is "the management of the symbolic"...

The fourth blueprint recognises that vision arises mainly from the intuitive activity of the right brain in which personal insight is evaluated and legitimised in terms of feeling rather than purely logical analysis. In a similar way its communication must take place in terms of sensory images which encapsulate its unique essence and to which the right brain activity of other organisational members can respond.

Such sensory images, whether visual or auditory, convey information concerning organisational identity and through

their capacity to tap emotions release human energy. Thus one of the key tasks of a leader is "the management of the symbolic" whether in the form of slogans, rituals, celebrations or other "spontaneous" products of human activity.

The Management of Paradox

We have mentioned previously our belief that the role of senior management is beset by paradox. A number of these relate to the use of power. During our interviews with Australian CEOs we asked them what were the personal abilities they looked for in those moving into senior management. Among the competencies mentioned was what we have termed "the ability to see the big picture" — an ability that enables its possessor to place problems in a broader context or environment and thus identify relationships which are not readily apparent from a micro-perspective. Such an ability is clearly a prerequisite to the development of metastrategic vision; yet without a second key competency nominated by our CEOs — "the ability to get things done" — a dream or vision will remain just that. "We need more dreamers, more dreamers who make their dreams work. Not dreamers who need others to make their dreams work, but dreamers who are prepared to say, 'let's go as a team and let's win'" (Abeles, 1986).

This raises an issue that is of common occurrence in the not-for-profit sector but which is gradually gaining greater prominence in profit-seeking organisations — the issue of empowerment. Although CEOs in a theoretical sense hold all power in their grasp yet in a very real sense they are *only empowered to use it in the best interests of the total organisation*. The same is true of managers at all levels. In this context power is the ability to get things done, to obtain, use and disperse scarce resources in pursuit of organisational goals.

Based on personal qualities reported by our CEOs to include personal energy, need for achievement and the willingness to accept responsibility, empowerment manifests in "the will to manage", to take action, to achieve results through "hands-on" management. But empowerment is given by others and can also be withdrawn if it is misused. It is sustained through the management of the network of relationships of those who go to make up the systems of action in which a manager functions. Failure to recognise this network of relationships effectively inhibits a manager seeking to introduce needed change. One CEO commented somewhat despairingly of a subordinate who, although the originator of a number of excellent ideas, failed to get them translated into action because he failed to "lobby" those attending meetings beforehand.

So far our discussion has centred on empowerment from below but there is an equally important empowerment

from above. This involves a recognition that "getting things done" can involve an overstepping of delegated authority. "We want people who are always pushing at the limits of the authority given them", commented one CEO. Empowerment from above encourages autonomy and allows subordinates the *right to make mistakes* providing "they've done their homework".

There is an apocryphal story told in IBM concerning their founder Tom Watson. A young executive was reporting to Tom Watson concerning an error of judgement the young executive had made, which had cost the organisation several million dollars. "I suppose you want me to resign", the young executive stated. "Why would I do that?", replied Tom Watson, "when I have just paid \$5m for your education!". Yet for companies in a sensitive strategic position autonomy must be kept within bounds: "Autonomy is a word I would avoid using — nothing is autonomous — autonomy conjures up some unreality", commented Loton of BHP. Another CEO in a similar situation put it this way: "We just cannot afford a situation in which the actions of one unit leads someone to say 'we don't trust the organisation'".

It is just such issues which led Kelman, CEO of CSR to comment on the findings of Peters and Waterman's *In Search of Excellence* (1982): "From a manager's point of view it is extraordinarily simplistic — management is a devil of a lot more complex than that sort of book implies".

We agree; the management of paradox cannot be resolved by false simplification; complexity must be acknowledged and tackled head-on if our existing mental models require modification; we believe the existing third blueprint mental models do require such modification; we further believe the fourth blueprint points the way in which such modifications should be made.

Implications for Managerial Psychologists

Managerial psychologists who accept the findings of the fourth blueprint as set out in this paper will find a number of new managerial roles prescribed for them, for example as:

- (1) a manager of networks;
- (2) a manager of self;
- (3) a manager of meaning;
- (4) a manager of paradox.

A manager of networks. Organisations as networks are based on loosely coupled systems of values; their effective management requires the recognition of the differing interests represented and the pursuit of collaborative individualism rather than group consensus.

A manager of self. The management of networks requires an ability to accept (but not identify with) and work with

systems of often conflicting values; this requires a definition of self and a personal maturity which transcends any one set of values.

A manager of meaning. While from one perspective an organisation may be regarded as consisting of a loosely coupled network of differentiated value systems, nevertheless from a pragmatic perspective it is necessary to look for a higher level of integration. Such an integration can be achieved through the use of transcendental values, values which transcend operational issues (e.g. the pursuit of excellence) and thus are acceptable to those holding a wide range of interests.

An effective manager is a manager
of meaning

Further, the fourth blueprint recognises that human motivation can be catalysed through the use of symbolic expressions of such transcendental values, e.g. the general manager who takes the top salesperson and their spouse to dinner as a reward for excellent performance. An effective manager is a manager of meaning.

A manager of paradox. The co-existence of multiple value systems brings with it paradox in many forms; the effective manager will be aware of the existence of such paradoxes and be prepared to make trade-offs where necessary in pursuit of improved performance, e.g. in the resolution of the conflict between responsiveness and efficiency.

Summary

This paper has presented evidence for the emergence of a new managerial framework — the fourth blueprint. After considering its relationships to the third blueprint — the systems perspective — details of some of its key features were established. The paper closed with a consideration of some of the implications of the fourth blueprint for managerial psychologists in their attempts to better manage their own organisations.

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