



MATRIX MIND

**ON MANAGERIAL
REFRAMING
IN MULTIDIMENSIONAL
PROBLEM SOLVING**

**MATS
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Matrix Mind – on managerial reframing
in multidimensional problem solving

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1

**THE MATRIX IS EVERYWHERE:
INTRODUCTION, RESEARCH QUESTIONS
AND DISPOSITION**

The Matrix is everywhere. It is all around us, even now in this very room. You can see it when you look out your window, or when you turn on your television. You can feel it when you go to work, when you go to church, when you pay your taxes. It is the world that has been pulled over your eyes to blind you from the truth.¹

These are the words of Morpheus, one of the main characters in the movie *Matrix*, as he talks to the young data hacker called Neo, to whom he is a mentor and a spiritual guide.

The *Matrix* trilogy of films not only established something of a new standard in action movies, but the trilogy became an icon in various communities due to its philosophical and religious undercurrents.²

In the movies, *Matrix* is the computer software that projects an image of the world (purely digital) into the consciousness of human beings, preventing them from realizing that in reality (whatever that may be) they are resting immobilized in tanks, serving only one purpose: to use their metabolism to

¹This quote from Wachowski and Wachowski, 2001:28, as well as the subsequent quotes in the beginning of each chapter, is from the shooting script to the *Matrix* movie, written by the film's directors Larry Wachowski and Andy Wachowski.

²The first movie, *Matrix* was released in 1998. The sequel, *Matrix Revolutions*, came in 1999 and the final part of the trilogy *Matrix Reloaded* in 2001. The philosophical foundation and context of the movies have been discussed, for example in Irwin, 2002.

create energy that will fuel the machines that rule reality. They are simply batteries.

Morpheus leads an underground movement of people that have become aware of the truth, released themselves from their captivity in the tanks and are now able to enter or exit the Matrix at will (using modems). By accepting a pill from Morpheus, Neo too is released from the tanks/battery pods in order to join the revolutionary forces and their battle inside and outside the Matrix; a battle against the machines and for the freedom of the human mind. In the sequels to the first movie the story is developed into a vision of Armageddon.

The *Matrix* movie trilogy has introduced millions of viewers to a specific interpretation and usage of the word “matrix”; the matrix is complex and multidimensional; it is at the same time highly visible and invisible. And as Morpheus is saying, it is everywhere.

Besides the omnipresence of the matrix, another important property of the matrix in the Matrix movie is its duality: at the same time being structure and mind. I will in this investigation discuss this as related to cases of solving real and multidimensional business problems in two actual companies.

In 1990, Bartlett and Ghoshal published the article *Matrix Management: Not a Structure, a Frame of Mind*, where they argue that organizational design often focuses on the anatomy (the formal structure) and less on physiology (information flows) or psychology (norms, values etc.).³ Preparing an organization for a more complex environment should instead focus on “developing the abilities, behaviour and performance of individual managers” where the aim is to create what a manager in the article refers to as “a matrix in the minds of our managers.”⁴

³ Bartlett and Ghoshal, 1990.

⁴ Ibid.:8. The manager making this statement is unfortunately not identified in the article.

In this investigation, I will study the efforts in two organizations to solve actual business problems, not primarily through structural arrangements. I will, referring to the earlier quote, look on the abilities, behaviour and performance of the managers involved. The environment surrounding the problems presented an array of interests to consider, dimensions to observe, ambiguities to understand, and conflicts to resolve, a multidimensionality not reflected in their organizational design. These problems were uprooted from their structural context in the participating organizations and presented themselves as requiring a managerial mindset having an ability to address multidimensionality.

Just as in the *Matrix* movie the context of this investigation is complexity and multidimensionality. In order to remind the reader of this, each chapter will begin with a quote from the *Matrix* movie.

Structure and task: searching for fit

Although Bartlett and Ghoshal in their article question the focus of most organizational design efforts, the search for the best organizational design has had a long tradition. However, today most academics and many practitioners would probably find the question outdated, and even naïve. The quest for the best organization has been substituted with a view that there is no configuration of organizational design elements that can claim to always be the preferable alternative. Instead features of an organization – not the least structure – should be aligned to conditions in a context of different and changing circumstances, both

⁵ Different writers have suggested different contingency factors influencing choice of organizational design, including technology, the need for reducing uncertainty, the chosen strategy etc. There are different summaries of research studies on contingency factor factors, and for a short summary see for example Fulop, Hayward and Lilley, 2004: 140-144. Lawrence and Lorsch, 1967, pioneered this discussion.

internally and externally, among customers, suppliers, corporate leadership, ownership etc.⁵ The desired collaboration between parts in the organization is often referred to as their degree of “fit”.⁶ Achieving fit means – given a systemic nature of an organization – that each part is designed to support other parts, in order to avoid conflict, dysfunctional behaviour and loss of energy: all detrimental to the achievement of corporate goals.⁷

From the same theoretical strand, concepts of fit and misfit are used as diagnostic tools when assessing the efficiency of a system. A good fit between subsystems – and in particular, the alignment of the total system / the organization with the requirements from the external environment – is a sign of efficiency.⁸

In this introduction, I will explore the possible fit or misfit between organizational structure and the problems and issues (or tasks) the organization has to deal with. Both the structure and the task environment are in this introduction seen as being multidimensional or one-dimensional. A multidimensional task environment is one where many different, and sometimes conflicting, interests and priorities have to be accounted for.⁹

A theory of fit, as earlier discussed, would e.g. propose that a multidimensional structure is a proper response to the multi-

⁶ This concept of “fit” has been an important property in different contingency theories, see for example Vera, Crossan and Apaydin, 2011. “Fit” or “alignment” have some resemblance to “isomorphism”, the processes of matching structure and environment, prominently introduced into (neo)institutional theory by DiMaggio and Powell, 1983. The mechanism is partly discussed in Meyer and Rowan, 1977. However, fit and alignment appear not to require the element of replication and “becoming alike” that is more obvious in isomorphism, see for example Segnestam Larsson, 2011:60.

⁷ Rhenman, 1973.

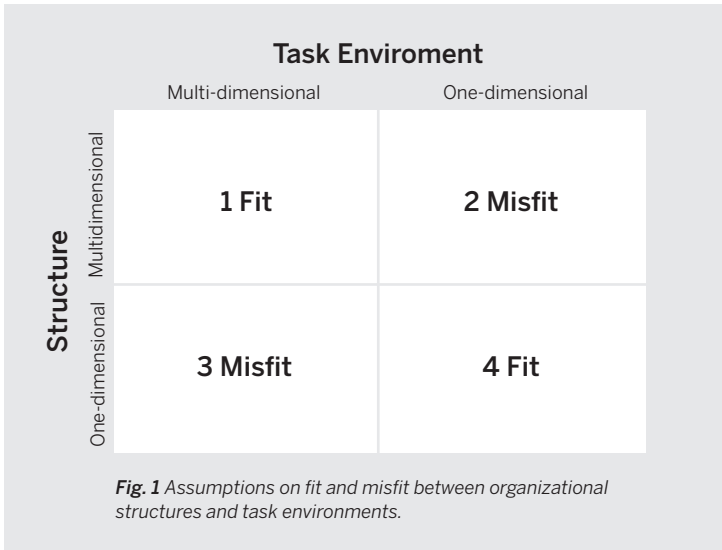
⁸ The diagnostic use of the concept of fit is discussed in for example Normann, 1976b, Dahlman and Gärdborn, 1975.

⁹ The aim is not to introduce a model or theory; the discussion only serves the purpose of to the reader position the problem I intend to investigate and the research questions that emanate. The discussion in this section will not include any particular references to previous research and academic writing. Its purpose is to illustrate my own reflections, finally leading to the formulation of the research question. However, the inspiration from Mintzberg, 1979, 1983, should be obvious.

dimensionality in the environment. Examples of multidimensional organizations are for example structures where several interests or functional perspectives intersect and – through organizational design – meet and cooperate (like in advanced project organizations, process organizations or in different types of matrix organization). In a similar fashion, it can be argued that in a task environment mostly presenting problems with few dimensions to consider, the multidimensional structure represents a misfit. Here, pure functional organizations or other one-dimensional structures, where one or a limited number of perspectives exist, would probably be more efficient. In such an organization, the function represents its own fiefdom, and can perform its task with little or no concern for other functions (if there are any), granting swift and consistent execution. Finally, and highly relevant to this investigation, a one-dimensional structure would be assumed to have a significant misfit with an environment of multidimensional problems.¹⁰

¹⁰ I will not discuss the one-dimensional organizational structure's ability to successfully address one-dimensional problems in this investigation.

These four positions are illustrated in this figure (Fig. 1):



This investigation is not intended to discuss the benefits and possible disadvantages of the different organizational designs. I will not evaluate the appropriateness or necessary prerequisites for selecting e. g. a matrix design (or any other design). However, as a background to the investigation, and as a means for the readers to acquaint themselves with the thought process, I will discuss this simple figure in order to position the study in relation to task environment and structure.

The first assumption was that multidimensional structures are well suited to handle multidimensional problems. Some experiences, recorded in works of both academics and practitioners (albeit sometimes anecdotal and sketchy), can be seen as partly questioning this statement, in particular when discussing the multidimensional structure as a permanent organizational

design, and not as an *ad hoc* structure (e.g. a project organization). A multidimensional organizational design, like a matrix organization has, according to some of these experiences, been seen to have a propensity for becoming bureaucratic, inflexible, slow, and costly: i.e. inefficient.¹¹ Whether in particular cases these disadvantages are out-weighted by the alleged benefits of the multidimensional organization is beyond the scope of this study to investigate.

Secondly, if assuming the second statement to be correct (multidimensional structures are not well suited to handle one-dimensional problems), one must ask how e.g. the large “archetypical” matrix organizations managed to solve everyday “simple” tasks in a reasonably successful way.¹² At least some claimed to be able to quite easily address mundane and everyday problems. This view is consistent with my own experiences as head of Group Staff Human Resources and Organization in – at the time – the world’s

¹¹ There is obviously a lot written about matrix organization over the years, although the interest in the new millennium has been somewhat subdued compared to the 1990s, when the matrix was often seen as the organization “of the future” (cf. Barham and Heimer, 1998, Kramer, 1994). This organizational design also has a prominent place in books on global organization and global managers from the 1980s and 90s (cf. Bartlett and Ghoshal, 1989, 1990, 1999, 2003). The criticisms of breeding bureaucracy, being internally focused, or fostering risk-averse managers have been voiced by several writers (cf. Fulop, Hayward and Lilley, 2004, Vince and Tahir, 2004, Kramer, 1994). At the same time the matrix’ benefits in terms of being very efficient in allocating resources, as well as its potential for effective collection and dissemination of information has been underlined by other writers (cf. Galimoto, Kerins, Lauster and Miychell, 2006, Daft, 1989, Fulop, Hayward and Lilley, 2004; for a brief overview of the communicative issues in matrix organizations, see also Rösdaal, 2005). Besides academic contributions, there have been several books written for an audience of practitioners. One of the most referred cases is the Swiss-Swedish company ABB, presented as a success story in e.g. Barham and Heimer, 1998, but as a failure five years later, in Carlsson and Nagemsson-Ekwall, 2003. An early “classic” on matrix organization is Davis and Lawrence, 1977. A thorough overview of the development of the thinking on matrix organizations and current views and experiences (both from an academic perspective as well as in practice) can be gained through reading the writings of Jay Galbraith (e.g. 1973, 1977, 1998, 2002, 2008).

¹² An example of an archetypical matrix organization would be the Swedish-Swiss electrical and engineering company ABB. Its status as an often used example of matrix design has been frequently mentioned (cf. Haag and Pettersson, 1998, Barham and Heimer, 1998, Carlsson, and Nagemsson-Ekwall, 2003).

largest household appliance company (and organized as a global matrix), AB Electrolux, as recorded in Appendix 1.

Moving to the third quadrant in Fig. 1, the assumption should be that essentially one-dimensional organizations are not very efficient in dealing with a multidimensional task environment. Between 2001 and 2005 I participated in a number of problem solving seminars in two mid-sized multinational companies, and had the opportunity to reflect on this. The structural arrangement of the respective organization was essentially one-dimensional, with few (permanent) cross boundary structures, however the problems to solve often multidimensional. Nevertheless, many of these issues could successfully be addressed inside the boundaries of the established organizational structure (the established lines of reporting, allocated responsibilities etc.). This does not mean that they were simple or uncomplicated; but the organizations (in these cases functionally organized) were used to solving them, and had all the necessary tools available. However, other problems could not easily be attached to a well-known and existing context. In particular, a transparent relationship of cause and effect was initially difficult to identify, as were relevant perspectives, key stakeholder etc. Taken together, this separated those problems from the other, and they would require going beyond the formal structure and “think differently” in order to find solutions. Considering the one-dimensional and functional orientation of the organizational structure, the explicit preference of straightforward and uncomplicated solutions, and the strong orientation to align responsibility and authority: would these organizations be capable of identifying solutions?

As it turned out, both organizations managed to do this, without any difficulties. Instead of being at loss in facing a multidimensional task, reverting to, for example, internal struggles and energy-consuming debates on responsibility or power, the functional organizations – with apparent ease – acknowledged the

multidimensionality, grasped the different perspectives through extensive information search and started to establish arenas for finding new and constructive solutions to unfamiliar problems. To me, this raised several questions, and this is where this investigation begins.

Research questions

Formulating the questions for a research project is a reflection of the researcher's personal interest and curiosity, as well as of the academic field in which she or he is working, where potential contributions and interesting research directions frequently are indicated. Sometimes the research questions also have to consider the context surrounding the research process; access to empirical material, the format of the material, and other limitations and constraints that will accompany the researcher's quest.

This investigation was conducted inside the context of a management development program, where teams of managers participating in (for the purpose specifically designed) seminars, were challenged to solve real and actual business problems in their companies. As a consequence, the problem solving processes were uprooted from their "normal and day-to-day" organizational context. Although it perhaps would be tempting to consider this as providing opportunities for observing the process in a "laboratory" environment, open for experiments, it has to be acknowledged that the intention with the seminars at the time was to solve the problems, and not to provide empirical material for research.

On the previous pages, my personal interest has been indicated and related to a theoretical discourse on the relationships between structure and task. From these two perspectives a general research question emanates, that this investigation will explore:

(1) How managers address multidimensional business issues outside the regular organizational structure.

Using the opportunities to approach this general question inside the context just described, two additional research questions, related to this context can be formulated:

(2) What thought patterns or ideas can be observed in the problem solving seminars as influencing the way managers approach problem solving, how are these ideas represented in actions, and to what effect?

(3) How can the leadership process facilitating the problem solving in the seminars be understood and described?

The two last questions provide aspects that will contribute to the exploration of the more general research question. They will also provide guidance in the choice of the research method.

In society, as well as in business, there is a general observation of increased complexity. This provides grounds for both the relevance and the sense of importance of efforts to strengthen the ability for multidimensional problem solving. In 1990, when a similar discussion on a new competitive environment was eminent, Bartlett and Ghoshal (in an article providing inspiration for the title of this investigation) wrote that new competitive demands could be met by focusing less on structure and more on developing the individual managers.¹³ Twenty years later, Nohria and Khurana note that organizational failures such as the ones experienced in the last decade both in business, government and other sectors are by society at large often viewed as failure of leadership.¹⁴

Acknowledging the importance of the design of the organizational structure (and partly addressing some of its aspects), this investigation resides in the field of leadership studies; it will however not include psychological or sociological aspects (“who

¹³ Bartlett and Ghoshal, 1990.

¹⁴ Nohria and Khurana, 2010:8.

the leaders were and how they got to be that way”). Neither will it more than indirectly and accidentally track the everyday activities of these leaders (“what they do”), and in particular the research questions should not be seen as indicating research into problem solving models, methods, heuristics or techniques. Rather, it relates to questions on “how leaders think”, and “how they exercise their leadership”.¹⁵ Further, this investigation will look at leadership as it is expressed in the context of multidimensional problem solving and the purpose is not to evaluate the quality of the solutions found, judge their efficiency or whether they were “good” or “bad”.

Disposition

In this first chapter of the dissertation, the *background* to the research has been given. Observation and personal experiences on the ability of different structures to deal with different task environments, and in particular the ability of one-dimensional structures (such as functional organizations) to successfully manage multidimensional challenges, led to formulating *research questions*.

In chapter 2 the theoretical and methodological frameworks used in this investigation are presented and discussed. Initially the *context for investigating the research questions* is presented. This context consists of 14 problem solving seminars in two companies. The conduct of the seminars and *the methodological challenges* and opportunities arising from this, are discussed. The *chosen method*, where the documentation is considered as text, is later discussed, and the process of coding and reclaiming the material is presented.

¹⁵ In their overview of research on leadership for innovation Hill, Travaglini, Brandeau and Stecker, 2010:639, discuss the questions on who the leaders are, and how they got to be that way, as well as what they do and how they think, as constituting important questions in a future research agenda.

The *theoretical framework* used in interpreting and analysing the material is also discussed in this chapter. A view of organizational structure as fundamental in directing the learning that will take place in an organization is presented, as a key perspective on structure used in the investigation. Further, organizational learning theories are discussed, and two constructs used in the field, interventions and capabilities, are presented as important analytical concepts to apply in the analysis of the empirical material.

The phrasing of the research question, as well as the usage of theories on intervention (which requires an agent, e.g. a manager that will intervene), imply aspects of leadership theory to be addressed in the theoretical framework. Following a discussion on different problems and their nature, the ability to reframe an issue, in order to bring forth a different perspective and different possibilities for action, is suggested as an important quality of the leadership exposed in the seminars.

Finally, it is concluded that the key constructs from the theoretical frame of reference that will be used in analysing and discussing the 14 cases of problem solving include interventions, capabilities and reframing. The last section of this chapter is dedicated to discussion on *ethical considerations and concerns*.

In chapter 3, the *empirical material is presented* through short write-ups of the seminars into "mini-cases", based on the original documentation. The mini-cases are summaries written in order for the reader to relate to the discussion in this and consecutive chapters, as well as to provide illustrations, while the data used in the analysis consist of the original documentation.

In chapter 3, the presentation is ordered in the following way. Initially, the two participating companies *Air* and *Water* (the names are pseudonyms) are introduced. Following this, the multidimensionality in the 14 seminars is exposed, and – based on an analysis of the documentation – presented, initially as categories of

problems to address. Secondly, the different priorities and perspectives of the multidimensionality are presented, again based on an analysis of the documentation and illustrated through references to the short summaries of the seminars.

In chapter 4 the analysis of the material continues, however, in this chapter *explicitly using the theoretical frame of reference and the key constructs derived: i.e. interventions, capabilities, and reframing.*

The interventions are discussed both as "structural interventions", planned and implemented as part of the design of the seminars, and "process" interventions, discretionary used in the problem solving process not only by the appointed facilitators, but also by the participants, and attending members of Group Management. Both the structural and to a greater extent the process interventions are seen as reflecting dominating ideas on the best approach to successfully address problem solving. This is found to include a strong urge to defend multidimensionality and avoid simplifying and making a "quick fix", an interest to develop and exploit opportunities for cross-organizational learning and a concern for communication and an effective language.

Finally, managerial reframing in the seminars is discussed. This requires revisiting the theoretical frame of reference in chapter 2, in order to deepen the understanding of the act of reframing. Underlining its element of sudden discovery, the empirical material is again analysed in order to find situations of such sudden change of direction or vantage point, allowing for new and different actions. Examples, such as redefining flexibility as an element of reflexivity, are given.

In chapter 5, the *research question is revisited and conclusions are made.* Through the study of "what happened in the seminars", it is suggested that the possibility to be able to manage problems outside the (one-dimensional) structure is related to the ability to apply a managerial mindset, which – referring to writings by Bartlett and Ghoshal – is referred to as "matrix mind".

This mindset is however not independent of structure. Through structural interventions necessary prerequisites for forming key capabilities are established. This formation of capabilities is further supported by different process interventions. The capabilities are in turn important to instigate an act of reframing, whereby the vantage point from where the problem is viewed dramatically changes and the problem's multidimensionality – but also new and different possibilities for action – is discovered. Possible theoretical and practical contributions as well as implications are further discussed.

Although this investigation is *not* about multidimensional organizations (neither as permanent structures, as e.g. matrix organizations, nor in an *ad hoc* form, as process organizations, project organizations, or in any other way), I allow myself in this final chapter to make some reflections on the multidimensionality of everyday organizational life. This is built both on my own experiences as well as on observations from the 14 seminars.

This can be seen as gradually opening the door to suggestions on further research, but before arriving at this, the possible similarities to another leadership role (albeit in a different field) is investigated: the statesman. This leadership role is suggested as one – of several – that in future research can bring further understanding to the initial questions on how to manage "beyond structure".

Enclosed to the text are several appendices.

Appendix 1 is a narrative of how AB Electrolux (where I worked in management positions for 11 years) managed to maintain hands-on and quick resolution of everyday problems inside a complex multidimensional global matrix organization. This is in particular related to the background to the investigation, as presented in Chapter 1.

Appendix 2 is a comprehensive list of the initially approximately 30 problems that were discussed, of which 14 – due to their multidimensionality – are included in this investigation. This is relevant to e.g. the discussion of the context of the empirical material in chapter 2.

Appendix 3 is a detailed account of the planning, conduct and documentation of the seminars. This is relevant to e.g. the discussion on interventions in chapter 4.

Appendix 4 is a detailed summary of each of the 14 seminars, allowing for quick references. This can be useful throughout the reading.

Appendix 5 is an illustration of the discussion in one of the seminars (again, this is not the original documentation, but a detailed write-up, made in order to provide the reader with insights into the process in the seminars). This can also be read as an "appendix" to Appendix 3, the former illustrating the plan and Appendix 5 "what happened".

2

A MANAGERIAL INVESTIGATION: EMPIRICAL, THEORETICAL, AND METHODOLOGICAL FRAMEWORK

Neo's hands run over the cracked leather.

NEO

This - - - This isn't real?

MORPHEUS

What is real? How do you define real? If you're talking about what you feel, taste, smell, or see, then real is simply electrical signals interpreted by your brain.

He picks up a remote control and clicks on the television. On the television, we see images of the twentieth-century city where Neo lived.

MORPHEUS

This is the world you know. The world as it was at the end of the twentieth century. It exists now only as part of a neural-interactive simulation that we call the Matrix.¹⁶

In the previous chapter the background to the research was given, placing its origin in questions raised on the relationships between structure and task environment. Personal experiences as well as other observations led to a general interest in how one-dimensional structures can successfully manage multidimensional

¹⁶ Wachowski and Wachowski, 2001:38.

problems. In exploring this, I am in particular inspired by Bartlett and Ghoshal, who suggested that the understanding of matrix (or multidimensional) structure should be complemented by an understanding of multidimensional (matrix) mind.¹⁷

The empirical context: problem solving as part of management development

The initial interest in this investigation comes from my participation in a number of problem solving seminars at management level, in two different organizations. At the time, the two companies were described as mid-sized multinational corporations. Both originate in Sweden, where they also have their Global Head Quarters. They are industrial companies, involved in activities such as product development, manufacturing, marketing and distribution, and after sales services. They have also developed service offerings related to their market segments. Both companies have today a world leading position within their core technologies, and the growth has also included acquiring other companies. Primarily, they market and sell their products on a business-to-business market, either as components to other manufacturers or as finished products. Geographically, they are active in many parts of the world, albeit on some markets through independent distributors. Management in both organizations advocate simple and functional organizational structures, with clearly defined – and not overlapping – roles and responsibilities; they have been organized accordingly.¹⁸

The companies were historically highly successful, profitable,

¹⁷ Bartlett and Ghoshal, 1990.

¹⁸ Both companies had decided to organize their activities in business divisions, reflecting markets, technologies etc.

and well positioned in their industries. However, they had identified new demands from their future business environments and were looking for a process which could support business development, improve communication, and strengthen the connections between different parts of the organization. The process was largely seen as a management development exercise, and was basically included in the Human Resources function's area of responsibility. It was from the beginning explicitly stated that the companies did not intend to introduce any changes in their organizational structure.

A series of seminars were designed and implemented, where the participants discussed and suggested solutions to real business problems in their company. The format was reflecting a belief that in large organizations, management is constantly trying and testing solutions to different situations. Thus the seminars should expose the participants to a multitude of experiences and enhance their learning ability from different perspectives and levels in the company. The seminars were developed within Marketing Technology Centre (MTC) 2000-2001 and built upon the "experience sharing seminars" (ERFA™) run by MTC since the mid-1970. The seminar format was offered and further developed as a management development initiative (strongly related to business development) together with several companies in Sweden, and following the merger between MTC and Swedish Institute for Leadership (IFL) in 2002-2003, it was also introduced to clients outside Sweden and involving facilitators and staff from both MTC and IFL.¹⁹ The format was thoroughly described in detailed guidelines and instructions, used for planning

¹⁹The format is similar to the "Workout Method" introduced by General Electric in the 1990's, according to a personal conversation with Chris Richmond, former head of GE Capital in October 2012; see also Welch and Byrne, 2001. From a process perspective different writing on dialogue methods has served as an inspiration for the way the seminars were designed, see for example Isaacs, 1999, Svendsen, 1998, Maier, 1973.

and preparation (see Appendix 2 for a detailed description of the planning, conduct and documentation of the seminars).

The selections of the participants were made by Group Management and Human Resources. Each of the workshops had 20-22 participants, mostly on Business Unit Management level or Division Management level. Heads of Group Staff Functions and representatives from Group Management also participated (however not being active in the discussions). The participants worked in different countries and the group was diverse in nationality, background, and experience. The seminars were held in English, which also was the language used in the documentation. The groups were strictly internal to the respective company, with the exception of facilitator, secretary and external speaker.

In selecting the problems to be discussed, a number of qualitative criteria had to be met. The most important was that each should have a designated “owner” (someone having the responsibility and authority to present a solution to the problem) and that this “problem owner” should be participating in the workshop. It was also important that the chosen problems were “genuine” in the sense that they were real management problems. The problems should also be “open”, meaning that no decisions were made or solutions found prior to the meeting.²⁰ Group Management made the final selection of the problem to be discussed. The problem owner then prepared the case together with the facilitator, the appointed secretary to the workshop, and often members of Group Management. The problem, as stated by the problem owner, was referred to as “the original problem”.

The process during the seminars followed a sequence of three steps: first the original problem was introduced (based on the

²⁰There were one or two examples of managers using the workshops for “confirming” decisions already made – but not revealing this to the group. They were very rapidly exposed, their “hidden agenda” questioned, and the necessary energy and commitment to sincerely help them with solutions disappeared. These cases are not included among the 14 in this study.

written material submitted by the problem owner), followed by an exercise aimed at verifying or reformulate the problem (based on the discussions and additional perspectives introduced by the participants) and finally recommending solutions. Typically, before the process commenced, a brief lecture by an external speaker was delivered. The speakers represented both academic research and practical experiences, and were asked to deliver their perspectives on issues similar to the ones that the seminar would work with.

During the presentation of the original problem by the problem owner, only factual questions were allowed. Following that, the participants started to probe into the problem, using all their relevant experience, not only from their present jobs, but also from other companies, other training sessions, even from their hobbies or personal experiences. In the discussion, different (and new) perspectives on the problem were often discovered, and the original problem was reformulated in a new way. During this phase no attempts from the group to voice solutions were allowed.

Having thus deepened their understanding of the problem (and in the process sometimes reformulating it), the participants looked for solutions. Creativity was encouraged, and a broad variety of solutions were presented. Focus should always be on presenting tangible and hands-on solutions that the problem owner could bring back to his or her part of the organization and use. It was also important that the problem owner was given advice regarding how to prioritize between different activities as well as discussing possible risks and how they could be avoided or managed. The solutions were to be seen as recommendations, and the problem owner would never be asked to make a decision on what to do and how to proceed, but be given the opportunity to bring the proposals for decision according to the standard procedures and authorities in the organization. In one of the participating companies a routine was established where the recommendations were discussed at the following Group Management

meeting (typically within 2-4 weeks), and the problem owner was sometimes invited to make the presentation and add his or her own evaluation of what to do.

The workshops were facilitated by external facilitators. One important task for the facilitator was to make sure that the discussion was thorough in each phase, and that the group was not leaving a phase until no more information could be added through further discussions.

The group worked for 5–8 hours on each case and plenary discussions was combined with work in smaller groups on given assignments and questions identified as the discussion unfolded. The understanding and experience of the facilitator, as well as the ability to listen to the group as they searched for cues and input to proceed in the process, meant that each seminar in that respect had a somewhat different format, reflecting the course of the discussions.

An appointed meeting secretary followed each seminar. The discussions were not recorded using a tape recorder, but the secretary took extensive notes, trying to capture the different arguments and lines of discussions. This responsibility was given to different individuals, always external to the participating companies, and with extensive experiences (both as academics and practitioners) relevant both to the task as meeting secretary and to the format of the seminars.

All material produced before and during the meeting (slide presentation, flipcharts etc.) was – together with the documentation made by the secretary – brought together and constitutes the case documentation. This was later distributed to all participants.

Establishing the empirical material and qualitative concerns

This investigation includes a subset of the 30 business issues discussed by groups of managers in the seminars described, between 2001 and 2005. Criteria for selecting an issue for inclusion were whether – in general terms – it constituted an issue where different perspectives and priorities met, e.g. being multidimensional. The way the issue was finally formulated represented one indicator of this; it should directly or indirectly imply different stakeholders, perspectives, or concerns to take into consideration. Another important dimension was whether practices, guidelines, structures etc. in the organization did not suffice for solving it. If an issue – after discussion – was labeled a “marketing problem”, an “accounting issue”, or “to be solved according to the manual” (or similar), and responsibility and resources allocated accordingly, it was left outside this investigation.

After having identified the cases to include, the remaining issues were left outside this investigation; they are not used for comparison or in other ways henceforth referred to. Following this, the cases selected should not be seen as a sample. Instead they constitute all the issues discussed during the seminars reflecting a multidimensional concern.

However, only through the discussions in the seminars did each problem’s characteristics become apparent. This required a holistic reading of the cases, looking both at the discussions and the subsequent proposals for solution. All in all 14 cases remained for further coding and analysis. In Appendix 3 an overview of the cases is included, and the original problem, the problem as it emerged in the discussion and the recommended solutions are described. The empirical material in this investigation emanates from these 14 cases.²¹

²¹ It should be noted that the overview in Appendix 4 does not constitute the empirical material; the table has been constructed solely to facilitate the reading of the investigation.

Before discussing the theoretical and methodological frameworks used, I should comment on some of the concerns stemming from the process eventually generating the empirical material.

I acted as facilitator in 8 of the 14 seminars, and as secretary in the remaining six.²² Later reflecting on this experience, I was inspired to the research question in this investigation. I also realized that the documentation from these seminars constituted a rare material, with several unique possibilities for studying the research question.

However, it was also a material that presented several problems and weaknesses to use as empirical material in research. The material was for example not collected with the purpose of becoming the basis for an academic dissertation. Rather, it was produced with the purpose of documenting the problem solving process and its outcome. This means that the documentation sometimes lacked information that from a research perspective would be useful. It could also reflect that some information, from the participating companies' point of view, was considered redundant (and hence not included); but not so when viewed in a research context.²³ There was no possibility to later fill those information gaps.

Occasionally, the material could also, in an ambition to reflect its original purpose, be misrepresenting the discussion, allow for simplifications and short summaries, rather than at length recording the debate. As a consequence, the discussions could at times be only partly restored from the documentation.

The documentation also included material produced in advance by different participants, with the purpose of being presented in the seminars. There was no possibility of controlling

²² Prior to participating in this program, I have had no contacts or discussion with either of the participating managers or the companies.

²³ This could e.g. relate to the background of a certain decision in the past, or the history or performance of a certain organizational entity. It could also be more detailed information on the participants.

or judging the accuracy of this material or the impact of the presenters' knowledge that it would be presented to and discussed by peers and senior managers.

Finally, my own participation in the seminars, in many cases in the role as facilitator, obviously meant that I personally had a very close interaction with the process documented; asking questions, closing arguments, deciding on work format etc. This influence is sometimes not recorded in detail in the documentation. In the seminars where I did not act as facilitator, I was in charge of documentation. Comparing this with data collection in traditional research, where it is a usual procedure for the researcher to make documentations, this work was in this investigation complicated by the original purpose of the documentation, i.e. that the material was collected for other purposes than research. In that sense, this documentation differentiates from e.g. traditional field notes.²⁴

On the other hand, and balancing some of the aforementioned issues, writing and assembling the documentation was highly formalized, and the same format and instructions were used by the meeting secretaries in all seminars (guideline in Appendix 3). The secretary was appointed on different merits, including skills in accurately capturing discussion according to the decided format, as well as theoretical and practical knowledge of business organizations and the context of the problems discussed. Taken together, this created robustness in the material and how it was captured.

²⁴ A research approach that "seeks to describe and systematically analyse personal experiences in order to understand cultural experiences" is sometimes referred to as autoethnography; see Ellis, Adams and Bochner, 2011:1. Autoethnography is retrospective, but applies theoretical and methodological tools for analysing the personal experiences. Hence, questions on reliability, validity and generalizability are also relevant in this type of research. Ellis et al., *ibid.*, note that the question of reliability in autoethnographic research reflects the researcher's credibility as narrator, the issue of validation relates to the possibility for the reader to see the world as it is (subjectively) narrated by the researcher, and generalizability is again judged by the reader, and whether her or she considers the story to relate to their own experiences. One of the features differentiating this investigation from autoethnographic research, is that the latter predominantly deals with the researcher's own personal life experiences, as indicated by the prefix *auto*.

In a similar way, the expectations on facilitator, secretary, participants, problem presenter, participating senior managers etc. were formalized, communicated and applied in all cases. This was also true for other arrangements, like seating in the conference room, curriculum etc., again providing for a contextual robustness and consistency (see Appendix 3).

The closeness to the material gained through the different roles I played in planning, implementing and documenting the seminars, also provides a potential for a “thick” understanding for said material. Aspers, 2007, considers this to be an additional benefit to the researcher’s subsequent interpretation of the material.

[the researcher] having access to text and in addition perhaps himself having been part of the creation of the material in an interactive process has a larger possibility to understand the meaning of the phenomenon as seen by the actors. Only against this background I consider it possible to talk about alternative meanings.²⁵

However, the most important feature of the documentation is the uniqueness of the material. It consists of 14 seminars conducted over 4 years with more than 100 top level managers in two mid-sized international companies. Each of the seminars lasted for 6–8 hours and the total material reflects more than 100 hours of management discussions of business related issues (in addition, each of the seminars was prepared in discussions with Group Management in the companies). The total investment, in terms of time spent by top level managers inside and outside the seminars, represents over 2 000 man-hours. It is unlikely that these companies would have made an investment of this magnitude into a research project. However, by first and foremost

²⁵ Aspers, 2007:108, my translation.

being part of a business- and management development initiative (initiated by Group management in the respective organization), each organization could justify the effort. Not disregarding or neglecting the earlier discussion of the nature of the material and the problems emanating from that, it nevertheless represents a body of information with high relevance to the research question, and a material that would not have been available in any other way.

Theoretical framework

This investigation will, inside the context of management development, discuss structural arrangements and leadership. The former will also relate to constructs used in organizational learning theories. The latter will discuss leadership in the particular context of collective problem solving of multidimensional business problems. Here several approaches in leadership theory and organizational behavior can be applied; sense making, dialogue and participative conversation, and even change management. I will in this investigation limit the discussion to the concept of reframing, as it can be related to problem solving and being part of a leadership process.

I will, when presenting this theoretical framework, adhere to the following disposition. Initially, I will relate organizational structure to knowledge management (“organization as a curriculum for learning”) and to the field of organizational learning. I will further embed and discuss two constructs in organizational learning theory: interventions and capabilities, which I intend to further investigate in the context of the empirical material.

Secondly, I will discuss the act of leadership in particular in light of interventions, but also as part of reframing in the context of problem solving. I will discuss different views on problems.

This includes how they can be understood and viewed. Next, I will introduce and discuss reframing as relevant to the purpose of this investigation and the research questions presented, and also relate it to a more general view on leadership.

Through establishing the theoretical framework in this way, I embed the key theoretical constructs I will use in the further analysis of the empirical material: interventions, capabilities and reframing. Taken together, these constructs relate to both structural arrangements and leadership enactment.

Organization structure as a curriculum for learning

In a study on absenteeism and its organizational causes an example from a steel rolling mill in Sweden was discussed.²⁶ Three shift teams were in charge of running a large cold rolling mill, being one production step in a chain of operations to produce steel coils. The instructions to the teams for running the mill were the same, and there were no significant differences in team organization. In spite of what seemed as identical settings, one of the shifts consistently ran the mill with higher efficiency and less down time. Why was that? In two of the teams the supervisors monitored the mill through a careful reading of all instruments and then strictly followed the manual whenever deviances occur. These teams produced good quality, well inside the accepted tolerances. However, sometimes the output would create problems in the following production step. If the mill delivered the semi-finished product within the specified quality range, but closer to one of the extremes of the range, the next production step, set to operate within the same quality range, but for some reason currently operating at the other extreme, could not manage to finish the product. This led to standstills in the first mill, and impacted

²⁶ Agurén, Olsson and Rhenman, 1983:36.

its efficiency. In the high performing team the supervisor took another approach. He made a point of studying the whole production process, also beyond his own mill. When problems occurred somewhere in the process, he changed some of the variables of his mill. This was however less based on the instruments and the manuals, and more on his own perception and understanding of what was required in the subsequent process. By defining the task not as optimizing the machine, but to optimize the outcome of the whole process, a production flow with few standstills was achieved, and the outcome had a consistent quality.

The tale of the rolling mill was used to illustrate how a structure, e.g. in this case the huge machine and its controls, was complemented by a reasoning and learning mind, in order to achieve the desired output. It also indicated that a researcher studying structure could consider at least two different perspectives, implying two different sets of questions:²⁷

- The first perspective asks questions on how the structure is built, in terms of physical arrangements, but also regarding the inherent power relations, division of authority, split of responsibilities, aspects of reporting and control, direction of incentives etc., in order to achieve desired results.
- The other perspective asks questions on how the structure is promoting and facilitating the learning processes, necessary to achieve desired results.

I will use these two perspectives for discussing and positioning structure, as it is viewed in his investigation.

²⁷ See also Agurén, Olsson and Rhenman, 1983:82.

Control versus learning

In his book on management, *The Role of the Executive*, Chester Barnard noted that organizing is about solving the problem of, on one hand, how to distribute work between units and individuals, and on the other hand how this distributed work can be coordinated and integrated.²⁸ Put in other words, how is it possible to at the same time divide and integrate? The questions have cast a shadow on theories on organization and management, and the issue of coordination is referred to as an important management task.²⁹ In an effort to understand organizational structure as a mean for solving this, Barnard defines organization as “a system of consciously coordinated activities or forces of two or more persons.”³⁰ Organizational structures’ ability to bring about desired behaviour, has been seen as an important feature of a multi-dimensional organizational structure. For example Barham and Heimer note that the matrix structure “by *forcing* (italics mine) managers to always view important issues from at least two perspectives, [...] institutionalizes complex thinking.”³¹ Using structures, in particular routines, to achieve coordination can be seen as an “industrial management approach”, while achieving coordination through sharing in networks could represent a

²⁸ Barnard, 1938. In a widely referred article from Meyer and Rowan, 1977, a similar understanding is voiced i.e. that organizations are “systems of coordinated and controlled activities” embedded in complex networks (or systems) of relations and (“boundary spanning”) exchange. However, introducing perspectives from institutional and neo-institutional theory (mostly established several decades after Barnard wrote his book), Meyer and Rowan, *ibid.*: 340, note that organizations are also driven to “incorporate the practices and procedures defined by prevailing rationalized concepts of organization work” in the surrounding society. These concepts in essence define what an organization is and what it is not, and failure to comply with these institutionalized concepts decreases legitimacy and probably long term survival.

²⁹ See for example Kleinbaum, Stuart and Tushman, 2008, Caruso, Rogers and Bazerman, 2007, Williamson, 1975, Thompson, 1967; see also Rivkin, 2005, referring to writings by Paul Lawrence and Jay Lorsch.

³⁰ Barnard, 1938:73.

³¹ Barham and Heimer, 1998:265.

“knowledge management approach”.³² The two ways of getting to the desired behaviour are so different that they sometimes are seen as representing two traditions in viewing organization and leadership.³³ The two questions raised in the study of the steel rolling mill in the beginning of this section are following this divide.³⁴

Researching organization and leadership in the industrial management tradition implies studying the formation of e.g. feedback systems, routines, guidelines, and how there are reflected in target ratios, measurements etc. Using a knowledge management perspective would instead focus on issues like competence formation and exchanges internally and externally. The industrial management tradition will also direct attention to the organization’s means for using “what it knows”, while the knowledge tradition calls for understanding the processes for investigating the future.³⁵ Further, studies in a tradition of industrial management may ask question about who is in charge, where is power located, and levels of consolidation. A study in the tradition of learning and knowledge management may instead discuss were key learning interfaces in the organization are located, the systems for capturing knowledge, or channels for disseminating and discussing information throughout the structure. While,

³² These denominations are used by Tyrstrup, 2005. I understand the reference to industrial management, as mainly referring to the works by Frederik Taylor and the “scientific management school” in the early 20th century.

³³ Tyrstrup, 2007. See also Södergren, 2001.

³⁴ It is beyond the scope of this investigation to in depth discuss definitions of organization, but I will mention two approaches, having had an impact on this study and aligned to the view of structure used herein. Applying an open systems view of the organization, Normann, 1976:27, defines organizational structure as all the formal arrangements established in order to have an efficient exchange process between the organization and its environment. This includes the formal organization, control and feedback systems, policies, guidelines and processes of differing natures. Daft, 1989:18, use a different focus and identifies eight structural dimensions in an organization, i.e. features established and maintained by the structural formation: formalization, specialization, standardization, hierarchy of authority, complexity, centralization, professionalism, and personnel ratios.

³⁵ March, 1994, refers to this as exploitation (using what we know) versus exploration (investigating the future).

in an industrial tradition, the key concern with a dysfunctional organization is its loss of efficiency, effectiveness and potential waste of resources, in a knowledge tradition, the concern with an organization that does not work is the lost learning opportunities.³⁶

I will in this investigation subscribe to a perspective where structure is seen as reflecting the organization's need for confronting different learning possibilities related to the internal and external context, as earlier discussed. This means having less focus on the control, measurement or procedural aspects of the organization. It will also put less emphasis on issues of power and authority (although such perspectives may be included when the context merits it). Instead, the aspect of structure important to this investigation refers to its ability to arrange different design elements in order to facilitate learning and thereby support problem solving. In this perspective, the organizational design can be seen as a curriculum for the expected or required learning.³⁷ This view connects to a theoretical framework of organizational learning and knowledge management. Some of the constructs used in these fields may be relevant to this investigation, and could provide a useful language for the analysis. In addition, the roots of the field of organizational learning (and its different branches) and knowledge management also indicate the ontological and epistemological foundation of this investigation; a social constructionist and interpretative view of the world and how we can learn about it.^{38 39}

³⁶ See also Normann, 1976.

³⁷ One of the most well-known applications of the concept of fit already mentioned in chapter 1, builds on Chandler's, 1962/1990, view of structure as following strategy. Normann, 1976b, questions this and instead argues that strategy is following from the chosen structure, i.e. that what structure allows us to perceive and understand, we turn into strategies. This latter view includes learning as a main parameter and is similar to viewing the organizational design and structure as a learning curriculum.

³⁸ The initial quote from the movie Matrix in the beginning of this chapter can be read as a reflection of discussions on ontology and epistemology.

In a recent overview of the field, with more than 35 individual contributions from different researcher, the editors Easterby-Smith and Lyles trace the origin of the field of organizational learning and knowledge management to the philosopher, psychologist, and educational reformer John Dewey, and his work on experience and reflection. Other founding fathers include the philosopher Michel Polanyi (the tacit aspects of knowledge), the economist Frederick Hayek (the economic perspective of organizational learning and knowledge) and social constructionist Edith Penrose.⁴⁰

In the 1990's the field developed in different directions, partly establishing prescriptive models but also underlining the diverging interests in the field among academics compared to practitioners.⁴¹ Rollof notes that "indeed, the field of organizational learning is /.../ diverse, with a long history of well-studied, but varied theoretical perspectives".⁴² Examples include the contribution from organizational economics to theories of organizational learning, the research into organizational learning and the theory of the firm, and the interest in understanding the relationship between practice and knowledge etc.⁴³ In an effort to provide structure to the field, otherwise perhaps perceived as fragmented and under formation, Vera et. al. consider concepts related to learning (such as knowledge processes, cognitive and behavioural approaches to learning, and team learning) as mediating concepts between the more fundamental approaches organizational learning and knowledge management.⁴⁴ Comparing the standing of

³⁹ Knowledge management (and related themes) can be seen as contributing to the epistemological and ontological underpinning of the field. Similarly, organizational learning (and related themes) is contributing to the understanding of processes of change in behaviour and cognition, see Brandi and Elkjaer, 2011.

⁴⁰ Easterby-Smith and Lyles, 2011, pp 9-16.

⁴¹ Easterby-Smith and Lyles, 2011. Fulop, Hayward and Lilley, 2004.

⁴² Rollof, Woolley and Edmonson, 2011:252.

⁴³ Vera, Crossan and Apaydin, 2011.

⁴⁴ In their model, the concept of dynamic capability is the third fundamental approach.

the field in the beginning of the 21st century, when according to Vera et al. the academic community were expressing “concerns about the lack of consistent terminology, cumulative work and a widely accepted framework that connect the learning and knowledge field”, the field today has evolved “towards increasing integration of concepts and cross-fertilization of ideas”.⁴⁵

I will initially discuss organizational learning, and some of its roots in writings from the 1960s to 1990s. Later I will introduce views on interventions and capabilities and also relate the latter to more recent research on integrative thinking.

Organizational learning, interventions and capabilities

The term organizational learning was not commonly used until in the 1960's, notably by Cyert and March who referred to organizational learning as an adaptive process where decision processes, goals and assumptions about the future are changed, to reflect experiences and updated perceptions.⁴⁶

One milestone in the development of the field is the book published by Argyris and Schön, *Organizational learning – a theory of action perspective*.⁴⁷ One of their important contributions is the contextual interdependence of learning; different learning processes are related to different contexts. It has in various forms been

⁴⁵ Vera, Crossan and Apaydin, 2011:154.

⁴⁶ Cyert and March, 1963.

⁴⁷ Argyris and Schön, 1978. The concept of a “theory of action” was already established in previous works by the same authors, and is connected to different strands in the literature about organizational learning. In the Appendix to their seminal book from 1978 they present an overview of the foundations to the concept. Here, they name Kurt Lewin, Fred Emery and Eric Trist as in different contributions establishing a view of learning as included in a context of systematic interactions. Further, Max Weber, Michelle Crozier, and Philip Selznick were addressing various aspects of the institutional surroundings to learning, while for example Chester Barnard, Herbert Simon, and James March were contributing a managerial perspective to the field. Obviously, the field has developed considerably since the late 1970s, as illustrated in Easterby-Smith and Lyles, 2011. See also Child and Rodrigues, 2011.

discussed, and it is a fundamental concept in the development of what is referred to as dynamic capability.⁴⁸

Another influential direction in establishing the field, and paving the road for its appeal to a broader audience of business managers, is the work done by Nonaka and Takeuchi.⁴⁹ Building further on the work on the nature of knowledge, they introduced concepts and field data that positioned knowledge – and the process of developing and maintaining it, i.e. learning – as a source of competitive advantage. This understanding of the relationship between knowledge and competitiveness can be seen as one of the reasons behind the huge success (also among practitioners) of Peter Senge’s book *The Fifth Discipline*.⁵⁰ Here, the concept of “the learning organization” was introduced.^{51 52}

There is one fundamental question that research on knowledge management as well as on organizational learning relates to: does learning take place independently and by own choice or through outside initiative and facilitation?⁵³ The latter position would give managers (as potential facilitators of learning) a pivotal role in the process, and following this approach introduces two constructs from organizational learning theories as relevant for discussion in this investigation, namely interventions and capabilities.

Already in the writings by Argyris and Schön from late 1970s, interventions were discussed, and defined as “[...] to enter into an ongoing set of relationships for the purpose of being of

⁴⁸ See for example March, 1991, 1994, Vera, Crossan and Apaydin, 2011.

⁴⁹ Nonaka and Takeuchi, 1995.

⁵⁰ Senge, 1990/1995.

⁵¹ Note the difference compared to “organizational learning”. The word order may seem arbitrary but is far from that: a learning organization is distinctly different from the concept of organizational learning.

⁵² Among “hard-line” academics, Senge’s work has sometimes been criticized for lacking depth and being a “fad”, see for example Calhoun, Starbuck and Abrahamson, 2011, Starbuck and Dunbar, 2010. Fulop and Rifkin, 2004.

⁵³ See for example Brandi and Elkjaer, 2011, von Krogh, 2011, Argyris and Schön, 1978.

help.”⁵⁴ The purpose is to increase the organizational capacity for inquiry and learning, in particular when the organization is subject to change. Intervention is done by an “interventionist” (an agent), and the counterpart is called “client”; the agent can obviously be a manager interacting with his team. Argyris and Schön posit that an intervention has to be based on a theory of human nature (what can humans do, and what are the constraints to observe), that is related to an organizational learning theory (how do organizations learn; how do individuals influence organization and vice versa). Further, the interventionist must make assumptions on the personal responsibility and causality (the relation between doing and saying) and has to take into account (but not primarily use) the organizational structure, which Argyris and Schön refer to as patterns of long lasting inter-relationships.⁵⁵

Moving further in the understanding of interventions also requires approaching the notion of capabilities. As can be understood from e.g. the way Argyris and Schön view interventions, the major purpose of the interventionist is not to, through the intervention, settle an issue or solve a problem. Instead, as has been discussed by more recent writers, interventions are designed in order to form capabilities that in turn are necessary for the successful problem solving process.⁵⁶ The term capability is not

⁵⁴ Argyris and Schön, 1978:158.

⁵⁵ It is difficult to discuss interventions and interventionists in this context, without mentioning Peter Senge. His book, *The Fifth Discipline*, 1990, can be read as managerial handbook or “toolkit” for managerial interventions, drawing on numerous sources, earlier research and consulting work (e.g. Argyris is frequently referred to). What sets this work apart, at least compared to other contributions in this text, is the prescriptive approach; Senge is primarily not investigating “how it was done” – he is using the cases, the research and the references to explain “how it should be done”. See also Calhoun, Starbuck and Abrahamson, 2011.

⁵⁶ See for example Ulrich and Smallwood, 2004, Ellis and Saunier, 2004:109. In their efforts to deepen the understanding of the nature of the capabilities, these writers indicate that capabilities usually can be developed through the application of processes and practices (such as the earlier discussed forms of intervention) that organize and give direction to the usage of already developed competences.

unproblematic. In popular management and leadership literature, the term “capability” and the concept of “competence” seems to be used almost as synonyms.⁵⁷ In this investigation, capability is considered as an action dimension of competence; based on available competences, capability thus represents the ability to act and use relevant competence.⁵⁸ Hence, an organization can have a lot of available competence in a vast array of fields, but they remain dormant, never transformed into resources used in the world of organizational action.⁵⁹ Following the earlier discussion, the formation of these capabilities can be considered a key objective when intervening in a problem solving process; it can probably be assumed that if the intervention fails to do this, finding solutions solely result from forceful decision making by management, and not through leveraging available competences.

Assuming this view of the meaning of capabilities what examples can be found in situations with high complexity, ambiguity, and uncertainty, i.e. situations that we can assume are similar to the multidimensional problems discussed? Referring to research about successful management in situations of high complexity at the Rotman Business School during the last decade may give some direction. Their results indicated that a hallmark for successful managers was the ability to simultaneously work with several fundamentally different ideas. This was coined “integrative thinking”:

While conventional managerial wisdom often pursues predictable and measurable clarity, the integrative stance

⁵⁷ See Ulrich and Smallwood, 2004. Competences are defined by Madell and Michalak, 2004:384 as “the observable and measurable skills, knowledge, and behaviours that contribute to enhanced employee performance and organizational success.”

⁵⁸ Ellis and Saunier, 2004:109.

⁵⁹ It is like knowing a foreign language, but for different reasons never use it; you have the language competence, but not the language capability.

embraces an uncommonly high tolerance for, even attraction to change, openness, flexibility and disequilibrium. [...] managers with an integrative thinking stance also embrace complexity and seek to wade into complexity rather than try to skirt it. They don't view imposed simplicity as an unalloyed virtue, but rather as the potential result of narrow thinking.⁶⁰

Following this observation, the researchers venture to indicate several capabilities as necessary to an integrative thinker: to be able to identify what is important (and what is not), to identify critical relationships, to be able to act in sequences over time, to work with organizational tensions in order to resolve them, and to be able to apply these abilities in an iterative process.⁶¹ The understanding of these capabilities, and how they are formed through interventions is relevant to this investigation.

Already in the research on integrative thinking and even more so in recent writings following similar directions, the importance of setting a conceptual frame is discussed. In writings by e.g. Colby a technical excellence (to make definitions and hypothesis) is juxtaposed with a capability to perceive that there is more than one possible context or framework that can be relevant.⁶² This ability to negotiate a multidimensional context is referred to as Multiple Framing, i.e. the ability to work intellectually with fundamentally different, sometimes mutually incompatible, analytical perspectives.⁶³ I will now turn my attention to this and put it into a leadership context. I will also relate the act of framing and reframing to solving different kinds of

⁶⁰ Martin and Austen, 1999.

⁶¹ Austen, 2002.

⁶² Colby, Erhlich, Sullivan and Dolle, 2011.

⁶³ Ibid.: 63.

problems. I will discuss the roots of these concepts, and finally relate to more recent writings.

Leadership and the nature of problems: the issue of reframing

The concept of reframing, “[...] to change the conceptual and/or emotional setting or viewpoint in relation to which a situation is experienced”, has been investigated within the social sciences in different contexts, including anthropology, communication models, linguistics, and negotiation and bargaining strategies.⁶⁴ In different literature both framing, reframing and (re)framing are used.⁶⁵ There seems to be a distinction: reframing is mainly used in studies of organizational and strategic change in order to describe managerial actions.⁶⁶

Framing and reframing is sometimes considered as being close to the process of sensemaking. Some writers explicitly point at the similarities between the (managerial) process of explaining, rationalizing and legitimizing actions in an organization (a process of sensemaking) and the act of reframing.⁶⁷ However, one argument suggested for separating the two is that while reframing

⁶⁴Quote from Fairhurst, 2005:166. Fairhurst mentions these and several additional references.

⁶⁵Bolman and Deal, 1991:1, reflected on concepts similar to (mental) frames, like maps, mind-sets, schema or cognitive lenses, and conclude that:

[...] we have chosen the label frames. In describing frames, we deliberately mix metaphors referring to them as windows, maps, tools, lenses, orientations, filters, prisms, and perspectives, because all of these images capture part of the idea we want to convey. [...] A good frame makes it easier to know what you are up against and, ultimately, what you can do about it.

The multitude of possible ways of referring to “a frame” indicated by Bolman and Deal will also be noticeable in this investigation, although I will try to discipline the way I use these metaphors.

⁶⁶Bjursell, 2007: 20.

⁶⁷For example Fiss and Zajac, 2006. As they note, this becomes even more apparent when expanding the discussion on sensemaking into the act of sensegiving.

emphasizes the external and strategic process of establishing a new and different meaning, sensemaking is focused on internal processes related to our conscious efforts to develop a coherent view of the world.⁶⁸ According to this reasoning, reframing is intentionally imposed upon us from the outside, while the sensemaking process – although triggered by external cues – is enticed by our intrinsic motivation to understand and create a meaning. There is also a dependency: reframing has to connect to sensemaking in order for the new frame to become actionable. There are however differences in terms of possibilities and methods for studying the two processes, one – reframing – relying on communication and the other – sensemaking – in this view an internal and less observable process.⁶⁹ I will in this investigation use reframing as the pivotal concept, and base the discussion on the understanding of this term, although I appreciate the kinship with sensemaking and that at times the two terms in practical considerations can be overlapping.⁷⁰

Through the act of reframing we are provided with opportunities for new interpretations of artifacts, interpretations that we share with others in a social group where we consider ourselves (and are considered by the others) as members. Mental frames define what – given the context – is to be considered as real and authentic. Through sharing the new frame with other people, we can confirm our interpretations as being more “real” or “accurate” than the previous, and when thus “approved” the new frame

⁶⁸Fiss and Hirsch, 2006, Fiss and Zajac, 2006.

⁶⁹Mills and Helms, 2010, building on Weick, give several suggestions on what can be observed from the outside, when studying a sensemaking process.

⁷⁰There are several important contributions to establishing and further develop the concept of sensemaking; the most important probably Weick, 1995. In research during the last decade e.g. Mills and Helms, 2010, have developed an approach to “critical sensemaking” arguing that the analysis of sensemaking should be related to contextual factors, in particular language (cf. Thurlow and Mills, 2007:2). Sensemaking has also been discussed within the field of communications and information systems, both as a method and a theory (cf. Dervin, 2009). This perspective however falls outside the current investigation.

promotes certain actions and discourages others. As such, a frame has a normative quality, and hence is well suited for inclusion in strategic or change processes. Recent research on the functioning of frames also notes the element of control and power implied in establishing or changing them, since they always represent a selection made from a vast number of possible features.⁷¹ A frame provides us and others we meet with a contextual identity, a vantage point from which we can decide on actions.⁷²

The new frame can be elaborated into an intricate web of goals, definitions of problems, current theories, rules of thumb, testing procedures, and artifacts that tacitly or explicitly structure group member's thinking, problem solving, strategy formulation and design activities.⁷³ It can be incredibly complex, and inside the selected frame, not everything is possible to do. However, the remaining options can be perceived as clear, viable and appropriate.

Stepping outside the old frame is often worrying, and can even be threatening. It puts the very foundation of our understanding

⁷¹ Bjursell, 2007: 20-21. See also Fairhurst, 2005, who argues that being able to control the framing process is a way of exercising power and control. I will however refrain from further discussing this in this investigation, and refer to Fairhurst's reflections on the subject.

⁷² It is difficult to discuss framing without mentioning Erwin Goffmann and his book *Frame Analysis. An Essay on the Organization of Experience* from 1974. Here the focus is on what is happening in the mind of an individual actor, and as Goffman is commenting, the reference in the title to "organization of experiences" refers to the individual, not to society. However, Goffmann, 1974:13, also notes that he holds society to be first in every way and any individual's involvement to be second. For a discussion on the influence of Goffman on theories of framing, see also Bjursell, 2007.

The concept of reframing is more recently used by Dewulf and Bouwen, 2012, in an effort to study how people try to make sense of ambiguities and complex issues. The authors refer to interactive reframing, an approach assuming that in discussing complex issues, participants apply different frames. It is further assumed that they deal with these differences through "language-in-interaction", in order to "constructing the meaning of situations" (ibid.:168-170). Using discourse and conversation analysis of transcripts of discussions, Dewulf and Bouwen identify five discourse strategies that participants use, and where language and dialogue are fundamental.

In spite of the concept of framing being used for a considerable length of time, some of its proponents consider it largely misunderstood, at least in practical applications; see e.g. Fairhurst, 2005.

⁷³ Ibid.:125.

of what is real and authentic into question. The first step may be a feeling of con-fusion (or even discomfoting), leading to a heightened sensitivity to more information.⁷⁴

Considering the strain and efforts involved in reframing, we fortunately do not need to engage in this act very often: most situations (or problems) we encounter are known (we have seen them before), and we can address them by using trusted analytical tools and familiar methods. Sometimes they are referred to as “tame problems” (they can be complicated, but we know from previous experience that we can find a solution),⁷⁵ However, sometimes we come across a “wicked problem”.⁷⁶ They are new to us and we have to rely on experiments, “learning-by-doing”, and trust our intuition when we try to solve them; and even then, we sometimes fail. Hill, Travaglini, Brandeau and Stecker note that:

With wicked problems, the determination of solution quality is not objective and cannot be derived from following a formula. Solutions are assessed in a social context in which many parties are equally equipped, interested, and/or entitled to judge [them] and these judgements are likely to vary widely and depend on the stakeholder’s independent values and goals.⁷⁷

Building on earlier discussions, it can be argued that solving tame problems does not require shifting frames, while wicked ones ask for reframing abilities.⁷⁸ Further, the classification of a

⁷⁴ Watzlawick, Weakland and Fisch, 1974/2011.

⁷⁵ Grint, 2008. The notion that traditional planning and problem solving methods not always work was elaborated by the city planner Horst Rittel when assigned ill-structured problems in urban planning, see Hill, Travaglini, Brandeau and Stecker, 2011.

⁷⁶ “Wicked” problems are in many aspects the opposite of “tame” problems, see Grint, 2008. There is a third category in his scheme: critical problems, i.e. situations of crisis.

⁷⁷ Hill, Travaglini, Brandeau and Stecker, 2010:640.

problem as tame or wicked is not objectively decided; it is done by those having the authority to make such designations, and hence establish the frame surrounding the problem.⁷⁹ In recognizing this, we approach the field of leadership, assuming that the individuals having this authority are what we in day-to-day situations call leaders. It will in the remaining pages of this section address reframing in that context.

One of many possible perspectives on leadership is to see it as a process in which one person – the leader – tries to influence the others – the followers – with the objective of structuring and facilitating activities and relationships in an organization.⁸⁰ Obviously this view opens a multitude of possible directions and fields in doing leadership research. Nohria and Khurana, in their introduction to an effort by Harvard Business School to establish the current position of leadership research and leadership practice, however note, that following the interest in leadership research until the early 1980s, “the concept of leadership and its study have been subject to criticism and marginalization by the dominant organizational paradigms and perspectives”.⁸¹ Still, they claim, at the heart of leadership research lie dualities that await direction. This is e.g. between the leader’s role to produce results and in making meaning; between the leader as a special individual and the leader as a social role; the concept of

⁷⁸ The connection between nature of problems and need for reframing is discussed by Fairhurst, 2005. Perhaps there are more wicked problems in the world than we like to see; the confusion inherent in an act of reframing, probably gives a bias towards perceiving difficult situations as tame problems.

⁷⁹ Watzlawick, Weakland and Fisch, 1974/2011.

⁸⁰ For example Möller, 2009:26, refers to different research on this. This way of defining leadership, while promoting alignment and coordination in an organizational context, leaves little room for leadership tasks such as building support internally and externally, establishing direction and long term sustainability. See also Rösdal, 2005. It does not tell us anything about the elements in this process and it does not take into account the contextual interdependence surrounding the exercise of leadership.

⁸¹ Nohria and Khurana, 2010:8. They are in this quote referring to Rost, 1991.

a universal leader or a situational and particular view on leadership; the role of the leader to act as a change agent or someone enforcing limitations and constraint; a leader focused on thinking and doing or shaping identity in order to become and be. Nohria and Khuran further claim that contrary to investigating these dualities, the dominant thinking is that the leader in reality can do very little and hence that the “leadership variable” is grossly overrated. The usefulness of leadership research has been criticized by neo institutional theory, organizational ecology, social network theory and so on.⁸²

Considering this somewhat dystopic view on the status of leadership research, the far from obvious choice of a meaningful perspective, and the general questioning of the importance of leaders, as referred in Nohria and Khurana, any attempt to investigate leadership should be carefully positioned. In the context of this investigation, I will therefore venture to apply a specific definition of the process of initiating and leading the reframing of problems. Some of the writers already referred to as part of the theoretical framework to this investigation have provided such perspectives, applicable to a discussion on leadership. For example, in their recent work on integrative thinking Colby et al. describes the already discussed “Reflective Exploration of Meaning” as important to integrative thinking.⁸³ A reflective exploration of meaning is seen as having four distinctive features: a narrative format, the process of interpretation by abstracting general categories, the further interpretation through presenting an analysis in public (i.e. translating), and finally asking questions how this will affect how things are done, and what response is required (as a basis for action).⁸⁴ The understanding of what

⁸² Ibid.: 7-10.

⁸³ Colby, Ehrlich, Sullivan and Dolle, 2011.

⁸⁴ Ibid.: 66-67.

elements that constitute reflective exploration is one option from which to address a reframing leadership.

In the previous reference to Grint, he is discussing the leadership required for solving wicked problems as a process based on asking questions, accepting that the leader does not have the answers.⁸⁵ From a communication perspective, Fairhurst discusses the leaders role as “managers of meaning and co-constructors of reality”, a view that is popular in, what she refers to as “neo-charismatic models of leadership”.⁸⁶ Further, in discussing the necessity of a moral framework surrounding the act of leadership, Fairhurst build on the view of leaders as “practical authors”, who formulate and articulate what is perceived as chaotic and vague, construct a landscape within which to act, then define commitments and positions of different actors in that landscape and argue persuasively, and do all of this together with others.⁸⁷ Hill, Travaglini, Brandeau and Stecker formulate a similar idea, related to leadership for innovation, “leadership is about creating a world to which people want to belong.”⁸⁸

These are examples of views on leadership, explicitly (as Colby and Fairhurst) or implicitly (e.g. Hill et. al) discussing the element of reframing. In that respect, each of them – and most likely several other views not included herein – can be used as a starting point for the discussion I intend to present. However, I will in the following use a definition originally presented by Normann that seems to include several (or all) of the already discussed elements:

The fundamental process of leadership is that of interpreting a (continuously evolving) context, formulating

⁸⁵ Grint, 2005.

⁸⁶ Fairhurst, 2005:166.

⁸⁷ Ibid.: 177. The view of the leader as a practical author is developed by e.g. Shotter and Cunliffe, 2003.

⁸⁸ Hill, Travaglini, Brandeau and Stecker, 2011:624.

our notions of our own identity and the emerging new contextual logic into dominating ideas which are both descriptive and normative, and then translate these dominating ideas into various realms of action.⁸⁹

Initially, this view on leadership requires the leader to *interpret* the surrounding context. This is an act involving both understanding and explaining, and with a direction: to contribute to a new and “better” understanding, in order to take accurate actions.⁹⁰ This meaning of interpreting is similar to the way it is discussed in critical hermeneutics.⁹¹ There are however endless possibilities of arriving at different conclusions. Not the least of which the “continuously evolving context” quoted is responsible for this. It is however not only the amount of information that becomes overwhelming; the information is also increasingly ordered in horizontal structures. This absence of vertically organized information is crucial to our understanding of the complexity of the interpretative process. In a horizontally organized field, every piece of information can be related to any other, with infinite numbers of possibilities to connect them into different interpretation. The lack of vertical ordering, however, means that we have no guidance to discuss them in terms of old, new, important, unimportant, core, periphery etc.⁹²

There are different ways of approaching this. One can either embrace the idea that there is an ultimate way to make connec-

⁸⁹Normann, 2001a:3.

⁹⁰This represents two different epistemological positions: “understand” is paramount in the human sciences and “explain” has a similar position in the natural sciences. The corresponding concepts are interpretative versus positivistic epistemology. See Kristensson Uggla, 2005:183.

⁹¹See for example Kristensson Uggla, 2002.

⁹²This discussion is built on Kristensson Uggla, 2005:190. Besides the amount of information and its horizontal orientation, he also indicates a new information logic, where information is glocal (at the same time local and global), as well as the ability of an expanding Internet to constantly re-contextualize information, as part of this development, giving the premises for the interpretative process.

tions between the different pieces of information and thus establishing the “truth” about reality. Or one can accept the fact that we are, and always will be, surrounded by different and conflicting interpretations.⁹³ The view that there are many diverse ways to understand the world does not relieve the manager from the responsibility to decide and act. A leader, charged with this responsibility, is challenged to apply an interpretative process to a field with an infinite number of (valid) interpretations in order to navigate towards a better understanding, possible to act upon. Hence, leadership perhaps can be understood as a hermeneutic practice.

However, it is also required of the leader to articulate to himself and others the interpretations made. Only when the new reality is named, defined, or described can it be confronted with conflicting interpretations, and only then can there be resolution of these conflicts. The new context must be *formulated*. This requires the command of a language that allows moving between the “particular and general”⁹⁴, as well as between what is and what is not, as part of an analytical process.⁹⁵ This language, both descriptive and normative, is essential to the leadership process, and highly relevant in the act of reframing.⁹⁶

The new reality created by applying a language is represented in the “system of ideas” or the “psycho-social reality dominating the group of significant actors” discussed by Normann.⁹⁷ In the form of “dominating ideas” they include values, norms, beliefs,

⁹³ This thinking is also essential in order to avoid a skepticism that doubts everything (which is often inconsistent and dysfunctional to the task of leading).

⁹⁴ Lindh, 2000.

⁹⁵ Berger and Luckman, 1967.

⁹⁶ See for example Normann, 2001, Lindh, 2000. In the interaction framing approach, see Dewulf and Bouwer, 2012:170, people are considered as “conversationalists or lay rhetorics”, in contrast to what the authors refer to as a cognitive framing approach, where people are “information processors or lay scientists”.

⁹⁷ Normann, 1976a, 1976b.

and assumptions about the role and responsibility of the organization, what organizational structure is the most efficient, what constitutes proper targets, and views on effective leadership.⁹⁸

In order to turn the new dominating ideas into action, the leader performs a *translating* activity, i.e. imaging the new system of ideas into the social structure and institutionalizing them as artifacts. The artifacts in turn reveal purpose and values and guide individual and collective actions inside the company as well as in the larger context.⁹⁹ The emerging social reality is thus not only a set of values, identities etc. (properties of the mind), but just as much what we may refer to as structure that “divert our attention in new ways and molds co-production efforts into new ensembles.”¹⁰⁰

In short, the leadership process discussed identifies as a leader someone able to describe and understand a new social reality and then translate this into purposeful decisions and actions having an impact on the organization. This goes beyond viewing leadership as a matter of one individual influencing others; in essence it instead is a task of “bringing forth”, a new social reality as a

⁹⁸Normann, 1976b. Dominating ideas are considered to reach deeply into the foundations of the organization, and that makes them important to understand as “resources” for organizational studies, Normann, 1976b. The concept of dominating ideas can also be seen as bridging two levels of analysis: the individual and the organization. These ideas are a developed through interplay between both the history and development of the organization, as well as the personal history (experiences, upbringing, training) of the significant actors and also a product from the power struggle and internal politics in the organizations. They will have an impact on the problem solving processes in an organization and help the organization in decision making processes, even if the particular participants in the process are not totally informed of all the relationships and considerations made when formulating them. Dominating ideas could be phrased in many different ways, but often they are represented by a few very straight forward statements. In his contribution Svalander in Carlsson, 2000:206, gives some examples from a study of the Health Care Services in Gothenburg:

- Belief in economies of scale
- Belief that problems with the efficiency in the health care system can be solved by planning and control
- The wish to speed up innovation through making it a separate and specialized function

⁹⁹Normann 1976b:241.

¹⁰⁰Normann 2001:257.

basis for one's future actions as well as the actions of other's.¹⁰¹ Considering the shared purpose of the reframing process and the leadership process, i.e. to change the perception of a meaningful social reality into an improved understanding, and to make this reality functional and relevant as a basis for action, the two processes circumscribe each other.

Considering reframing as an expression of leadership, and the understanding of the reframing process, its different elements, how they interact and their movement through a sequence, provide an essential analytical reference for studying the situations of multidimensional problem solving included in this investigation.

Further comments on the theoretical framework

Finally, some additional remarks on the theoretical frame. Some perspectives presented, in particular regarding views on organization design and the role of management, were part of the theoretical framework developed by the Scandinavian research and consulting organization SIAR (Scandinavian Institute for Administrative Research) in the 1970s.¹⁰² I should acknowledge the influence from this framework on my investigation, which goes far beyond the mentioned examples.¹⁰³

Obviously, there are perspectives this investigation does not

¹⁰¹ Ibid.:87.

¹⁰² Some of the academic writers referred to above (and later in this investigation), such as Eric Rhenman and Richard Normann, were instrumental in the development of the so-called SIAR School, a term used by for example Lorange, Löwendal and Revang, 2003, Mintzberg, Ahlstrand and Lampel, 1998, Engwall, Furusten and Wallerstedt, 1988, and also by incumbents of the school, like Eric Rhenman, see Lindh, 2000.

¹⁰³ For an overview of the frame of reference developed by SIAR, see Carlsson, 2000. The theoretical foundation and connections to earlier research in economics, organizational and systems theory, and strategy has been commented by Netz, 2013, who also considers the SIAR-school currently experiencing a renaissance. In a paper, written by researchers from Lund University and Åbo Akademi, Andréén, Kalling and Wikström, 2012, describe the historical development of SIAR. The authors note that while the founder Eric Rhenman was visiting professor at Harvard Business School, and many of the leading researchers were

discuss. I will give some examples. Although relying on material from two organizations, the intention is not to investigate the decision-making processes in the participating organizations; the investigation ventures to have a more general scope. Further, discourses on power, authority, and/or control (often used perspectives in organizational studies) are, as earlier indicated, not independently and explicitly providing tools for the analysis. In addition, the perspective will not be broadened into areas of corporate culture or corporate ideology. However, some of these discourses may appear as important dimensions of specific multidimensional issues facing an organization, and as such they are included.

Another possible theoretical approach is to relate this investigation on multidimensional problem solving to the framework of complexity theories. Styhre is referring to "theory of complexity" as an umbrella concept covering a number of disciplines mainly in natural sciences.¹⁰⁴ It challenges the perception that the world is undergoing a successive progression towards a pre-determined goal. The development within the social sciences, leading to more fragmented theories and models, has tempted some researchers to start looking at the complex relationships in modern society and modern organizations using the theoretical framework used by the natural sciences in theorizing about complexity. This influence on organizational theory has been increasing since the 1990's. The theory (or rather its underlying

¹⁰³ affiliated with Stockholm School of Economics, Lund University, and Åbo Akademi University, well known academics (however at the time – late 1960s and early 1970s – in the beginning of their careers) like Henry Mintzberg, Jay Lorsch, and Larry Greiner were spending time working on joint projects with the SIAR researchers and staff in the offices in Stockholm and Boston. Obviously, this had an impact (in both directions), on the research and development to come. The knowledge-creating aspect of the organization is further touched upon in a case study by Engwall, Furusten and Wallerstedt, 1993, and the consulting practice is e.g. discussed in a case study in Argyris and Schön, 1978. Between 1980 and 1983 I was employed by SIAR in Stockholm as a researcher and consultant.

¹⁰⁴ Styhre, 2002.

theories) can be used both on social and natural systems and allows for studying situations of both stability and change and to be used as a general theory when studying business strategies or organizational structure.¹⁰⁵ Since my study is not primarily focusing on giving a contribution to organizational theory, I will refrain from elaborating on this.¹⁰⁶

The analytical framework of gender theory is not used, although the composition of the problem solving teams in terms of gender (in the seminars, not more than a handful of the participants were women) can have had an impact on the problem solving process. In order to give this analysis the required depth, the empirical material do not suffice, and I refrain from attempting this. As an inspiration for further research, using a different empirical material, this perspective would probably be a valuable contribution to the understanding of the research question in this investigation, as well as asking new, but related, questions about the mindset used in multidimensional problem solving.

Methodology

The ontology and epistemology in this investigation – social constructionism – implies using an interpretative or interactive methodology, and hence methods associated with this.¹⁰⁷ In addition, the nature of the empirical material, and its conception, introduces some complications, and the selection of the method to use has to reflect this also. In particular the circumstances surrounding the establishment of the empirical material – as previously

¹⁰⁵ *Ibid.*: 96–100.

¹⁰⁶ The ontological and epistemological position chosen for my investigation positions it within the field of social sciences, whilst complexity theory originated within the natural sciences.

¹⁰⁷ Åsberg, 2001:273, is arguing that methodologies are to be seen as “approaches for gaining knowledge” and should be considered as part of the epistemology, while the term method should be restricted to denominate “ways of collecting data” (my translation).

extensively discussed – introduce the issue of the researcher’s independence (or subjectivity) in relation to the material, as part of a discourse on the used methodology.¹⁰⁸

However, this places a significant responsibility on the shoulders of the researcher to give a transparent and comprehensive account of the interpretive process used, and the methodological choices made, in order to substantiate the researcher’s claim that the conclusions made are derived from the empirical material. This is the intention of the following discussion.

From documentation to text

The circumstances under which the material was collected indicate several issues that could negatively impact the quality of the

¹⁰⁸ This usage of the word subjectivity corresponds to Aaltio’s, 2009, discussion on legitimization of the research, and the need for the researcher to discuss both subjectivism and objectivism.

In a positivistic research subjectivity is avoided and objectivity reached through applying a “scientific” process of using previous knowledge to formulate hypotheses and then validating them using methods recognized as scientific by the scientific community. The purpose is to make predictions, and hence the ultimate validation of the research is its ability to make accurate predictions. This does not necessarily require that the research understands (or needs to understand) the phenomenon he or she is researching. Reflecting my ontological and epistemological position, this investigation approaches research from a critical hermeneutic tradition, where the researcher’s ambition is not only to understand but to understand in a “better way”.

In hermeneutic research subjectivity has a different meaning compared to in a positivistic research tradition. The researcher starts from a subjective understanding but through an interpretative process reaches closer to “the thing”, and thus also closer to an objective understanding of the phenomenon. Hermeneutical research was discussed in the Swedish press in 2005, related to a thesis presented at the University of Uppsala. In an article on DN Debatt (in the Swedish daily *Dagens Nyheter*), fourteen researchers (among them four professors, the others working on post doc research) representing five universities (in Uppsala, Stockholm, Lund, Åbo and The Royal Institute of Technology in Stockholm) concluded that in a hermeneutical approach a concept such as “falsifying” does not have a meaning. “[Hermeneutic research] is about, through interpretation of empirical material, establishing a theoretical understanding of different phenomenon in society. Research is here seen as an interpretative process. Good research is in this perspective less concerned with “proving” or “testing” hypothesis and more about – using different theoretical perspectives and using a convincing argumentation – creating an improved understanding of different phenomena [...] reality is perceived differently depending on from where you are looking, i.e. the perspective you have.” Eduards, Esseveld and Lövkröna, 2005 (my translation).

research. In particular, my own involvement in the seminars (as described) could lead me to situations where I would unconsciously fill the gaps in the material – and compromise the analysis – with my own experience from the actual situation. This is a complication present in most social research. However, even if the researcher tries to record all impressions, reflections etc., the complete situation cannot be captured in its entirety, and it will be almost impossible for another researcher to make an identical reading.¹⁰⁹ In this investigation I venture to establish a view of the empirical material as separated from the personalized context of the researcher, i.e. the seminars, (although of course complete *epoché* is never attainable), through firstly only considering the documentation from the seminars as empirical material, and secondly viewing this documentation as text, thus giving it particular qualities.¹¹⁰ I will now discuss these qualities.¹¹¹

A text can be seen as having autonomy in at least three ways: towards its author and his intentions, towards the cultural context and all sociological circumstances at the time of production and finally towards the originally intended receiver or reader. As a text, it has the ability to de-contextualize itself and then re-contextualize itself in a different fashion.¹¹² Disconnected from the context where it was written, the documentation from the seminars establishes a new relationship to the readers, including the researcher.

¹⁰⁹ Aspers 2007:111. This means that other researchers not necessarily will come to the same conclusions. In an interpretative tradition this is not per se eroding the value of the research.

¹¹⁰ In everyday situations we often use the word text as a synonym to document. However, the word has – not the least in different research – been used to denominate a wide range of phenomenon, from amusement parks to strip-tease. It seems as if almost everything can be subject to reading and interpretation, and hence being a text, see Bryman and Bell, 2005:437. Compared to this, I will in this investigation use the term restrictively, and – using the argument by Ricoeur: 1991 – view a text as “any discourse fixed by writing”. This understanding of the nature of a text is important to the further analysis.

¹¹¹ Remaining issues, related to this choice of method and how it has been applied, is later on discussed in the section on subjectivity and validation.

¹¹² Ricoeur, 1988:151.

The transition from documentation to text as performed in this investigation, is important, because it also means viewing the text not as a sort of “container”, but as something defined through its reading. This implies that the direction of interpretation can be twofold; a reductionist approach, if there is an abundance of meaning in the text or an expansionistic approach, adding to the text, if it lacks meaning. Having established the empirical material as text, it introduces a more technical discussion of text interpretation, and I will in the following relate how this was done in relation to the empirical material – the text – in this investigation.

Approaching the material: finding codes and reclaiming the text

The text can be considered as part of the field for this study, and represents what can be called constructions of the first order. In the field – as it is constructed by the actors participating – there are also other constructions of the same order, such as concepts and theories used by the actors in expressing meaning.¹¹³

Constructions of the first order is the starting point for the researcher. Constructions of the second order, that is (often abstract) theories etc. and not in themselves always empirical, are adding together different empirical concepts (groups, types of actions, personalities etc.) into ideal types.¹¹⁴ The constructions of the second order are used by the researcher to further develop the constructions of the first order in a specific empirical material.¹¹⁵ In this investigation, the theoretical perspectives on

¹¹³ Aspers, 2007. According to Aspers there is no conflict if the researcher is using the same theories as the actors in the field.

¹¹⁴ Aspers, 2007.

¹¹⁵ Aspers, 2007, is using the term “develop” as it can be understood in the context of the process by which an exposed film is developed into a photographic negative (from which positive images can be produced in a process including both development and fixation; in Swedish “att framkalla ett empiriskt material”).

organization and leadership constitute constructions of the second order, while problem, intervention, peripety are examples of constructions of the first order.

In order to analyse the empirical material, a process of coding was used. A code is related to constructions of the first order, i.e. the actors' meaning. The code is in itself not a theoretical concept, i.e. a construction of the second order. Codes are either connected to theoretical concepts or consequences of the empirical material; they are an intermediary stage. Thus, codes can be created in two different ways. Firstly through theoretical (deductive) coding, where the theoretical concept is translated into a code in the concrete field. The other way is through an inductive approach, where codes originate from being identified by the researcher in the material.¹¹⁶

Codes do not exist independently in the material, but is something that the researcher creates in order to denominate similarities and differences. They are created through an iterative process, where the codes gradually are identified, often through a process of division and consolidation of codes, and finally fixed.

The process of coding could go on forever. However it is not a random process: it is guided by the research question and the theories used. The researcher can refrain from developing new codes when he/she is convinced that no new and/or more meaningful codes can be found.¹¹⁷ Confronting the text is not done in a state of childish innocence and open-mindedness; instead the interpreter approaches the material with at least some preconceived ideas of what to find.¹¹⁸

As already described, an initial selection of problems, based on their character of being multidimensional and not possible

¹¹⁶ Aspens, 2007:208.

¹¹⁷ Aspens, 2007: 171 is referring to the term "mättnad".

¹¹⁸ Alvesson, 2008.

to address inside prevailing structure or hierarchically, was made. The remaining 14 problems were then approached with the intention of finding a (social) logic, related to this study of a particular mindset. Initially, it was necessary to understand the multidimensionality and how it emerged in the material.¹¹⁹ The different perspectives, necessary to acknowledge and competing for resources were important to recognize. Hence, I established several headlines, reflecting what I was looking for in the material. These headlines included e.g. “problems” which could be reflected in the text as statements like “I think there is a problem that ...”, or “the concern is that ...” or similar statement. Multidimensionality was another headline, reflected in the text as “both ... and ... has to be included” or “it is unclear who will decide on this.” I was also looking for critical turning points in the discussion, explicit definitions of key concepts articulated by the participants etc. All in all, 10-12 such headings were initially established. I then turned to the material from all 14 seminars and applied a process of (1) making numerous copies of the text, then (2) using a pair of scissors cut the text into pieces – line-by-line or in paragraphs – and spread the pieces on a table with the headlines (codes), then (3) glue the pieces under each headline together and make new copies and (4) review them to find possibilities for changing or establishing new headlines, split an existing headline in two or more or merge headlines and (5) reiterate the process until a level of “saturation” was reached.¹²⁰ Sometimes I returned back to the original text to cut it in a different way and if a particular piece seemed to fit under different headlines (codes) I did put it in both places.¹²¹ During the process, I kept

¹¹⁹ Dahlman and Gärdborn, 1975:14–21.

¹²⁰ I did this manually; it could have been done using a computer.

¹²¹ The iterative movement between the full and original text and the detailed selections and “cut-outs” from the text represents an element of analysis perhaps best described as “scaling”. Normann, 2001, is using a similar term, talking about “zooming in and out”, and similar concept are used by Idhe, 2004, with reference to phenomenological methods.

track of which case the cut-out paragraph or line originally came from (in order to always be able to return back to the original context), but after several iterations, the contextual relationship between the text and the underlying seminar was weakened. This added to the creativity in asking more and new questions to the material. It is difficult to identify the exact point where the focus of the process became less of asking questions and more of formulating conclusion.¹²² However, Asperts refers to the process as “reclaiming” the empirical (and now coded) material, a process where the researcher is guided by the theory and constructions of the second order.¹²³

Format and presentation of the empirical material

Since the research process is a learning process for the researcher, a complete understanding of the process would require that the reader, in trying to replicate the process of coding and analysis, would be able to put himself in the exact same position as the researcher. This is most likely not possible, and hence some parts of the process in performing social research probably always will be less than completely transparent. In addition, I consider providing the reader with the complete and unabridged empirical material, as well as records of my own process when trying to learn from it, would probably be more confusing than enlightening. Recognizing this, my intention is to choose a format of presenting the analysis and the conclusion that make it possible for the reader to understand how the research was done and to provide the reader with a necessary context to evaluate the conclusions and whether the purpose of this investigation has been reached. The presentation of the empirical material and the outcome of the

¹²² This view on clarity is discussed by Asperts, 2007:194, who writes: “how the analysis of empirical material actually has been done is often very obscure” (my translation).

¹²³ Asperts, 2007. In Swedish “återvinna”.

coding of it will be in the format of short summaries of each of the 14 cases, used as illustrations. These summaries are not the original empirical data, but versions thereof, edited according to the intended use and benefit to the reader. In performing the previously described process of coding the material, the original data obviously was used.

In relation to the participating companies I have chosen to present them anonymously. This was not an obvious choice. On one hand, some of the discussions touched upon sensitive strategic issues in the two companies. However, since a considerable time has elapsed since the seminars, it would have been quite feasible (and with few changes) to present the cases and naming the companies. On the other hand, the mere fact that the participating organizations have changed considerably (in ownership, core activities etc.) over time, can – since both of them are still well known and recognized – figuratively speaking “get in the way” of the discussions of the cases. In addition, since the analysis of the material does not use possible differences (e.g. in terms of history or prevailing business conditions) between the two participating organizations as a variable, an extended knowledge of their particularities (and name) is not necessary. As the identity of the involved companies thus had little or no impact on the conclusions reached, I have decided to keep them anonymous.¹²⁴ In the introduction to chapter 3 a brief presentation of the two companies, their size, line of activity etc. is given.

On validation

The interest in this investigation is to understand (in a better way), and then be able to articulate this understanding. Validation in this research approach presents some problems and methods

¹²⁴ Hence, I have not contacted them as part of this research process, and they have not in any way validated the cases or conclusions presented.

developed in a positivistic tradition have limited applicability: For example, it is not possible to validate the articulation of the new understanding through somehow measuring the relationships between two words or concepts in the language used; you need to validate the whole “system”. This validation can be done in two ways: firstly through the communication process of the research result to others. If communication is possible (e.g. observed through the usage by others of, for example, new concepts in a relevant way), the articulation is partly validated. Hence, new constructs will become validated if and when they are meaningful and used by actors in the field.¹²⁵

Ethical considerations

Is the research question ethical? Is the method used for collecting data ethical? Can the usage of data – the analysis – and the presentation of arguments and conclusions be considered as ethical? All through the research process there are questions raised related to the research (and the researcher) pertaining to an ethical discourse. The researcher should reflect on this and it is part of the legitimization of the research.¹²⁶

The Academy of Finland and the Finnish Advisory Board on Research Integrity have issued guidelines on good research practice and ethics.¹²⁷ The ethical principles related to research in social and behavioural science address three areas. The first concerns respecting the autonomy of the research subject, and includes issues related to voluntary participation of research subjects in the research, as well as information given to and received from research subjects. The second area addresses the responsibility of avoiding harm to research subjects, including

¹²⁵ Normann, 1976a.

¹²⁶ Aaltio, 2009.

¹²⁷ Academy of Finland/Soumen Akatemia, 2002, Finnish Advisory Board on Research Integrity/Tutkimuseettinen Neuvottelukunta, 2012.

financial and social harm. Finally, the protection of the privacy of the research subjects is discussed, and guidelines on data storage and protection are given. These ethical principles should be applied within a framework of good research practice, including the application of standards set for scientific knowledge, transparency related to the sources of financing of the research, respect for other researchers' work and achievements, and due consideration of the usage and ownership of the research results.

In a similar (but not identical) statement, the Swedish Research Council notes that society has a legitimate expectation that research, leading to an extended knowledge and better methods, is conducted with high standards.¹²⁸ It is also expected that the research is relevant. These requirements must however be judged against the legitimate expectations from individuals to have their lives and livelihood protected and negative and unwanted consequences of the research eliminated. However, neither of these two perspectives is per se more important than the other: in each investigation, the researcher must consider the expected new knowledge gained through her/his research relative the potential damages to the individuals.

In order to support the researcher in balancing this against the interest of the individual, guiding principles can be applied. Broadly speaking, these guidelines concern how the individuals participate and are treated in the research and whether there are activities that the researcher, together with the participants, should or should not engage in.¹²⁹

The Swedish Research Council has – as its Finnish counterpart – formulated requirements on research. This includes (a) informed and (b) agreed participation in the research, as well as (c) confidentiality and (d) on how the results will be used. Bryman

¹²⁸ Vetenskapsrådet, 2002.

¹²⁹ Bryman and Bell, 2005.

and Bell refer to these requirements, but add a fifth: the research should not be carried out under false premises.¹³⁰ I will discuss this investigation related to the first three of these requirements. The fourth is mainly concerning using information about individuals collected through a research project, and I do not consider this applicable in this investigation. I will however start with the last and basic question about the premises for my research.

Bryman and Bell explains “false premises” as situations where the researcher is introducing his/her research as something different than it is.¹³¹ As already explained, the seminars providing the empirical material to this investigation were at the time not considered to be included in a research context. The background, earlier described in this chapter, reveal that the driving force behind the seminars, their format and consequently the selection of participants, facilitators and problems to discuss, was purely related to the business situation of the participating companies and their needs. The documentation, forming the crucial element of the empirical material, was produced reflecting this. Relating to Bryman and Bell and the concerns about false premises, the material (at the time of the seminars) was not produced with any other intention than to contribute to the objectives established with the seminars (this was also measured after the seminars). With the material now being used in a different context, it is like the archeologist trying to see a different meaning in an ancient tool or sculpture: this neither cast a shadow on the intentions of the original craftsman, nor on the archeologist. Hence, the ethical question whether this investigation is built on false premises is in my view not applicable.¹³²

¹³⁰ Ibid.: 557.

¹³¹ Milgrams well-known research on authority, introduced as an experiment on the effects of electrical shocks in improving learning, is an example of this. See Bryman and Bell, 2005:561.

¹³² This view is similar to Ödman's, 1976, reasoning on the possibility to attribute meaning and intention to a work of art (e.g. a book) beyond what the artist/writer himself is acknowledging; Ödman considers this perfectly possible.

Once however later reading the material from its research perspective, another question emerges: the participants informed and given the possibility to agree to their participation? The requirement on “informed consent” is mainly directed to research built on studying individuals (through inquiries, experiments, observations or interviews), and where the individual should be informed in advanced that he or she is participating in such a study.¹³³ The participants in the seminar were well aware of the documentation made; they all received copies of it and had the possibility to later comment on – and even change – it (see Appendix 3). In that respect, the material was created with highest possible transparency. When the material later has been put in a different context, the participants have however not been contacted again, in order to obtain their consent. After considering the way the material is used, I do not find this to constitute an unethical position; the individuals are in this investigation seen as a collective representation, not as discrete subjects and they rarely appear in the material with name or other personal references.

¹³³ Bryman and Bell, 2005:563. The possibility of retrospective consent is discussed by Tolich, 2010, in the context of autoethnography. He notes that it is a complicated process, and that it can give the researcher’s interest an advantage compared to that of the participant’s, since participants may consider it difficult to deny the researcher to publish the outcome of perhaps years of research and writing. A general advice in autoethnography, which I have tried to apply in this investigation, is however to always assume that all persons mentioned in the text will one day read it; see *ibid.*:1608.

3

MANAGEMENT AT WORK: CASES OF MULTIDIMENSIONAL PROBLEM SOLVING

Morpheus moves effortless through a crowded downtown street while Neo struggles to keep up, constantly bumped and shouldered off the path.

MORPHEUS:

The Matrix is a system, Neo, and that system is our enemy. But when you are inside and look around, what do you see; businessmen, lawyers, teachers, carpenters. The minds of the very people we are trying to save.¹³⁴

Management in any organization is frequently involved in solving problems and the development and further refinement of this task is a priority, both from an operational and a strategic point of view. The seminars used as empirical material in this investigation partly originated from the participating companies' quest for methods, structures, and processes leading to "better" solutions to business problems. The word better is enclosed here in citation marks, since its meaning was not clearly stated by the companies. The purpose was rather phrased as an urge for developing processes leading to solutions supporting and influencing business development, providing common understanding, and a frame of reference, as well as an ability to navigate in complex environments. However, they were not expected to require

¹³⁴ Wachowski and Wachowski, 2001:51.

organizational changes and simplicity and ease of implementation as well as potential for early success were emphasized.

Neither *Water* nor *Air*, the two companies involved in the seminars, was organized in a multidimensional structure. It was also a basic premise for the seminars not to introduce a process eventually leading to changes in the organization. The chosen organizational design, in essence divisional structures, had proven to be highly efficient and was considered to contribute to the business success.

According to common textbooks on organizational design, the divisional structure is e.g. used when an organization is conducting similar activities on different markets. Among its benefits are the possibilities to differentiate the internal organization of the company, the possibility to provide overview, and to promote a businesslike approach also internally, between different parts of the organization. A significant feature is that the administrative support functions often are split between the corporate headquarters and the divisions.¹³⁵

The efficiency of this organizational structure was further reinforced in the seminars, where many of the problems discussed were successfully solved within the framework of this organization (organization here used in a broad sense as including policies, guidelines, procedures for decision making etc.). However, there were also examples where the organization did not provide a direction in order to find a solution to the presented case. During the discussions of these issues, their emerging multidimensionality apparently required a different approach, and also introduced different (often conflicting) dimensions to consider. Nevertheless, the group of managers participating in the seminars also success-

¹³⁵ See also Jacobsen and Thorsvik 2008, Bakka, Fivelsdal, Lindkvist, 2006, Daft, 1989, Edgren, Skärvad and Rhenman, 1983, Mintzberg, 1979, 1983. In both *Water* and *Air*, keeping minimal corporate staffs was considered a virtue.

fully solved these problems. These are the discussions included in this chapter and they cover 14 out of a total of 30 problems discussed in the two organizations.¹³⁶

After excluding the problems that could be solved without considering more than a limited set of organizational dimensions, interests, or objectives, a smaller material remained. It represented estimated 80–100 hours of management discussions and group work, and the participation of about 100 international managers from the participating companies.

In this chapter, this empirical material will be introduced, initially grouped according to how the problem or issue for discussion was defined. Following this, the multidimensionality in the cases will be established, as it emerged in the discussions. The origin of this multidimensionality will be presented as reflecting different views held by different stakeholders, establishing dimensions that the group of managers found important to consider when finding solutions. The outcomes of the seminars – the solutions – are mainly referred to in the following chapters, where the focus will be on understanding through which processes the multidimensionality was translated into a productive mindset for finding solutions.

Initially, I will, however, give a brief introduction to the two companies Water and Air, as to how they ran their business at the beginning of the new millennium, when the seminars were conducted. At that time, they were considered two mid-sized multinational companies. Both originated from Sweden, where they also had their Global Head Quarters. In addition, both companies were founded by an inventor, and they had made a technical and commercial breakthrough related to a product with many different potential applications. Both companies have grown, organically and through acquisitions, and have reached

¹³⁶ A list of all issues discussed in the seminars is provided in Appendix 2.

a world leading position related to their core technologies. Both sell on a business-to-business market, however their brands are recognized by the general public as important contributors to the successful industrial history of Sweden during the 20th century.

WATER was established in the late 19th century, and subsequently became based on three core technologies, in which the company achieved world-leading positions. The three technologies in different ways were focused on fluids (controlling them, transferring them, and managing them). In the beginning of the 2000s, the company was organized into three divisions, one responsible for producing and supplying products to the other two, and then these two were responsible for marketing and selling the product. These sales divisions were in turn organized into different customer segments. Key customer groups included the chemical industry, the process industry, the pharmaceutical industry, and special applications.

The company had operations (either its own or through partners) in 100 countries, and had about 20 large manufacturing facilities (although only a few were located in Sweden). The total sales were about 15 billion SEK, and 50 percent of the products were sold in Europe, 30 percent in Asia and the remaining 20 percent in North and South America. The Group employed about 9 500 people, and showed good earnings (in 2004, the operating margin, e.g. earnings before interest, tax and amortization of goodwill amounted to 11 percent). The growth target was 5 percent over a business cycle, which was 3 percent above the estimated annual market growth.¹³⁷

A key strategic framework was to find ways of optimizing the customers' processes and large resources were dedicated to innovation. The Group had, over the years, made some acquisi-

¹³⁷All numbers are from the 2004 Annual Report in the respective company.

tions, mainly in order to strengthen the existing product range, to obtain access to new products or technologies or to expand the customer offering.

AIR was founded in the late 1930s and the initial product invention was integrated into different air control technologies (cooling, heating, etc.). Since its establishment, the company had gained a position as a world leader in this field. In the period during which the seminars were conducted the Group had corporate-owned operations in 28 countries, and in other markets they were operating together with different partners. In total, 15 units had both manufacturing and sales operations (only one in Sweden) and in addition, 23 sales and service companies were established on important markets.

The key customers included service providers, the food industry, and manufacturing industries where the indoor climate needed to be carefully controlled (one example of this is the pharmaceutical industry). The products were exclusively sold business-to-business. Total sales amounted to 4.5 billion SEK, of which 60 percent was in Europe, 30 percent in the Americas and the remaining 10 percent in Asia. The Group had 3 100 employees and was organized in two product divisions and one service division, dealing with after sales service and other service assignments.

The company had had a strong earnings record and a favorable development on its share price. Currently, the operative margin was 7 percent. The Group had an aggressive growth target; 10 percent annual top line growth (including acquisitions).

Discovering multidimensionality

The 14 cases discussed showed commonalities in terms of how they were discussed during the seminars and in the way the original problem or issue was subsequently reformulated.

In the following discussion, the 14 cases will be introduced. The cases will be related to management problems, established through the coding and interpretation of the material: access to Group learning curve, ownership of corporate resources, scale and critical mass, and implementation of strategy and development of the business. These problems emerged as multidimensional and subject to different stakeholder interests. In Appendix 4 the 14 cases are summarized in a table, covering the original problem (as presented) and its background, the reformulated problem following the discussion in the seminars (in particular presenting the discussion on priorities and perspectives to consider), and the recommended solutions, as well as some comments from the facilitator or secretary in the meeting.¹³⁸

How to access a learning curve on Group level

Several of the cases confirmed that there is a learning possibility related to most problem solving in organizations with a size and spread similar to the ones in this investigation.

This can be understood from the perspective that an issue is rarely so unique that it applies to only one part of the organization – most likely a similar situation has happened (and will happen in the future) elsewhere in the organization. However, different units are in different places on the learning curve. Some have just started to identify the problem; others have already tried different solutions, and perhaps already found one which is working.

¹³⁸ The material in Appendix 4 should not be confused with the documentation from the seminars; the table is constructed solely in order to facilitate the reading of this investigation.

A common theme in some of the cases was to identify organizational activities for obtaining access to the learning curve from all parts of the organization. It was important for several reasons. Firstly, it was considered as a way of avoiding unnecessary (and costly) mistakes. Secondly (and perhaps more importantly) it could create a competitive advantage in terms of flexibility, speed, and innovativeness. If a single market unit could have access to the compounded learning and experiences from all market units when confronting a customer problem that would obviously be a major benefit in performing the service, and a strong selling point.

This was the thinking in *case 1*, dealing with the question of how to develop a structure/system that supported sharing experiences across the European operations.¹³⁹

Case 1: (a) How to use local market knowledge in further developing the application sharing in the European division

(b) In one of the divisions the European operation tries to establish a format for application sharing, not only on a technical level but also from a customer perspective. This means that interesting applications are identified by the central marketing function, then packaged and rolled out across the organization. One problem is to determine what an “interesting application” is – usually this cannot be qualified. In order to support this experience sharing an IT-based case data base has been introduced. Some countries are very good in submitting information, others not.

¹³⁹ Here, as in the following presentations in this chapter, the case will be introduced with a brief summary, where (a) indicates the original problem as formulated by the problem owner, (b) is a short summary of the basic facts from the problem owner’s presentation and (c) is the reformulated problem, as it emerged from the discussions.

After the discussions, the problem was reformulated, and focussed on questions such as (c) *how to get the requirements from local markets into the process, who should drive it and how should an application be “qualified” in order to be entered into the system.*

The sharing was less difficult to achieve on a technical level (engineers seemed to have little problem in talking to other engineers), but much more difficult when approaching experience sharing on a customer (application) level. One part of the problem – related to the (IT-based) system proposed – was the difficulty of finding a common frame of reference across the European companies; i.e. how to qualify the entries into what could be called a “knowledge system”.

In other cases, such as in *case 2* and *case 3*, the issue was more how to make a “jump” on the learning curve, i.e. avoid going through the same trial-and-error as other parts of the organization have already done. Instead, opportunities for leveraging the learning in a fast and cost efficient implementation should be looked for.

Case 2: (a) How to work with the sales force on non standard products

(b) The manufacturing plant in the USA has entered a vicious circle. The customer specifications have become increasingly more complex and require customization, even within technical areas where there was little knowledge available in the U.S.A. Outside the American organization, other manufacturing units in the Group were, however, well experienced in the new technologies. This lack of knowledge in the American organization of more sophisticated technologies and their application

has led to extended lead times and quality problems, resulting in lower competitiveness.

After discussion, the group found the problem to be (c) *the unclear strategy, which gives little direction to sales*; they sell what the customer asks for, which basically is non-standard products, while the strategy implied the products were more generic.

In this case there was a conflict between sales, selling non-standard products, and the production not being equipped for producing anything but standard products. However, what was perceived as non-standard products to the American manufacturing unit, was considered “standard items” in other entities in the Group. By using blueprints, experiences, and knowledge from other units, already producing more complex products, the lead time (and “hustle”) with non-standard products in the U.S.A. could potentially be solved. Although this would require a review of the current strategic view on Group level of customization versus commodity products. *Case 3* was also a manufacturing case, this time related to product range extension.

Case 3: (a) How to develop a market for low-end products in the U.S.A?

(b) The American operations in sales and marketing have taken a development initiative. A new market segment has been identified, delivering solutions in the same area as the organization presently works in, but using another (and less sophisticated) technology. The market seems to be fairly large and the question is how the US organization (including both the manufacturing and sales units) should capture this market.

The discussion revealed that the initiators in the American operation, who wanted to extend their product range with a low end product, were not aware that the very same product was already being produced in another country. By sharing drawings and specifications, six months of development time could be avoided. However, in the process of discussing this, a more strategic problem was formulated: (c) *from what position or level in the organization should this type of development initiatives be driven?* This was considered a more relevant issue.

Ownership of corporate resources

As mentioned in the introduction in this chapter, the two organizations providing the cases did not define themselves as matrix organizations. In that sense, resources were in theory not shared – they belonged to one, and only one, company, division, regional headquarter etc.

Nevertheless, in spite of this “monolithic ownership”, some resources were nonetheless and for different reasons, perceived as common and belonging to many (or all) parts of the organization. Some of the cases touched on issues with the shared resources, as in *case 4*.

Case 4: (a) How to – for the first time – run an end-user directed campaign in one market

(b) In one of the overseas marketing companies, management has identified an opportunity to sell replacement parts for a household product directly to the end-user. This has not been done before, and the action plan from the management includes TV advertising, direct promotion, and establishing a different relationship with the distributors. The Group has never done something

similar to this in any market, and there is very little or no brand perceptions among the end-users (in this case the households). There is also very little knowledge of consumer marketing inside the Group.

The problem was reformulated as (c): *What is the proper way to evaluate the campaign and who should do that and make the decision? To know if it is successful or not, what criteria should be used in a review of the campaign?*

In the discussion, the issue of ownership of the brand (the common resource) reoccurred several times as an underlying theme. The questions were related to whether the brand is owned by the local market company (who is operating under the brand name in relation to distributors and customers, and in that sense, should develop the brand equity), or whether the brand is owned by the Group organization? This question becomes even more pertinent when a local company started to plan to use it in an end-user directed promotion campaign, as in this case. So far, the brand had rarely been exposed to the end-users, and the knowledge of how to direct and measure the effects of such a campaign was limited (something that was initially perceived as the most important problem). When reformulating the problem and introducing the aspects discovered in the discussions, the new problem was more related to who in the organization had the responsibility/opportunity to “load” the brand (the “shared resource”) with value, and less with the operative issue of “how to do it”.

In *case 5*, the situation was related to what type of ownership (and responsibility) the Group had over another shared resource, in this case the “talent pool” in the company (i.e. the key managers, high potential managers etc.). The question was whether or not it was possible (and relevant) to refer to Group-wide systems for career movements and management development when

recruiting to a smaller unit in the Group? In what way will group incentive programs develop loyalty on an individual company level?

Case 5: (a) How to leverage cross-organizational opportunities and support when developing the service division in a country

(b) The service division was started as an appendix to a product sales division. In that form, it had to struggle with seasonality and volume fluctuations, and only about 1/3 of the business volume was repeat business during a year. This had serious consequences on the ability to attract and retain staff. In order to deal with this situation, the operation was established as a separate division, and started to expand into new segments, develop new businesses and focus on up-grading the technical knowledge of the staff. Nevertheless, in the service business the logic is concerned with selling hours, and the more hours you can sell, the more money you make. Retaining people – who often develop personal relationships with the customers – is thus of paramount importance. Although successful in its pursuit, the dilemma still remains after a few years of following this strategy.

The discussions identified the problem as (c) *How should the Group “membership” be used in order to give people a better career in this very flat organization while also remaining competitive on the job market? It also included how to attract the best people, and how to reward them.*

In *case 6*, the situation focused on how to view key customers; are they Group resources, and should they be managed from the

Group level, or are they always related to – and the relationship owned by – individual market units/companies?

Case 6: (a) How to integrate key account management into a global organization

(b) A key account management system developed in the USA was about to be implemented globally, driven by the expectations of large and global customers to the American organization. The customers were consolidating and becoming more centralized in their purchasing. They wanted after sales service worldwide and were looking for standard warranties and global terms and conditions. The customers also expected one set of price levels (managed through worldwide pricing agreements).

The apparent lack of relevant structures (e.g. policies, guidelines, and organization at the Group level) revealed in the discussions lead to a different problem formulation (c): *How should a structure supporting a key account management system be developed?*

With ownership (also in terms of owning a relationship) comes a lot of responsibility: for managing, for investing, for reviewing and developing. It requires decisions on risk and on potential trade-offs.

On one hand, as stated in the case, customers tend to leverage their size by putting pressure on the suppliers, asking for global terms of business, warranties etc. On the other hand, delivery is still very local, and the local relationship is crucial to the quality of products and applications/systems. To support a key account structure, changes have to be introduced in terms of accounting and consolidation of sales to a customer, policies on guarantees and

warranties, pricing strategy, and products features/specifications. The responsibility for developing this should reflect who is considered to own the key customer relationships in the organization.

Achieving Critical Mass

Another common problem area focused on the issue of size or critical mass. Just as the individual units/companies in the corporations are on different levels on the learning curve, they are very different in terms of scope of activities, available resources, age etc. With that in mind, their ability to perform certain functions – even strategic functions – is very diverse. *Case 7* originally was a representation of this problem.

Case 7: (a) How to build critical mass in a manufacturing unit serving more than one division

(b) This manufacturing unit was part of an acquisition, and at that time it was left to manage itself, with no efforts to integrate it into the Group. Products were sold through the unit's own distributors or directly to end-users. When the policy of non-interference with acquired units was changed, responsibility for the unit was moved around between the major divisions, since it was producing products for all of them. Distribution was then changed into selling through the divisions' sales organization, and the end-user contacts were reduced and eventually cancelled. Gradually some support functions were taken away from the unit and transferred into the divisional organization. This had already been done with the Research & Development function, and the same discussion was currently initiated regarding warehousing, application centres etc. If this change was

implemented and corresponding resources taken away from the unit, it will probably have to be closed. The present situation had already created a situation where many functions are now below the critical mass.

However, the final and reformulated problem had a different perspective (c): *How far can/should unit management go in their efforts to secure survival of the unit – and who should decide on its status as an independent entity?*

The situation here is that of a manufacturing plant in Europe, previously (following an acquisition) left very much alone to develop into a self-contained unit, but now actually “shared” between a few divisions. When the divisions try to optimize their operation, they gradually move resources from the plant to other locations, and as a consequence, some resources fall below the critical mass to be maintained at the plant level. Key knowledge is eroded and the plant’s competitiveness (internally and externally) is becoming increasingly difficult to maintain. Eventually there is a risk that the manufacturing capacity becomes greater than needed, creating a problem in terms of cost structure. From the divisions’ point of view, their decision is quite logical and well-founded on the notion of reaching economies of scale inside the division, but to the shared resource – the plant – it is very negative. What is the role of the local management in this process?

Partly, the root of this issue is that – beyond a certain level – it is not meaningful to continue to split resources. To a certain level one can combine tasks in sales, administration, services, consulting, and application engineering into one full time job, but having for example 0.2 salesperson in one market or 0.15 in another is not really useful. This was the original problem in *case 8*:

Case 8: (a) How to manage continued local presence and yet improve cost-efficiency in the European sales companies

(b) For many years, the strong local representation and presence has been a cornerstone in the successful development of the Group. This setup has given the customer easy access to excellent product and application knowledge. With the expansion of the Group's product range and the ambition that all sales companies preferably should carry the full product range, a number of difficulties have emerged: (i) a much broader knowledge is needed in the individual sales company, (ii) resources must be set aside for local business development and (iii) the relatively small size of each company makes it difficult to hire new people, so the additional sales responsibility is split between the existing resources. In effect, this means that one of the smaller product groups could have 20 per cent of a salesperson in one country, 10 per cent in another country, 35 per cent in a third – but nowhere a full time person. A consequence of this is that the full market potential is probably not being addressed.

The reformulated problem focussed on the key questions (c) *how to facilitate the selling process and at the same time leverage the local presence.*

The expansion of the product range in the individual European sales companies in this case brought several new problems; the extension required a broader knowledge, while the relatively small size of each company made it, for example, difficult to hire new people. As a consequence, the additional sales responsibility was divided between existing resources, making it difficult to

continue to aggressively develop the full market potential. Instead, the sales force was skimming the market with their broad portfolio of products, concentrating on the easy targets and quick fixes, leaving room for smaller competitors, able to develop one of the key competitive advantages in the business: local presence and knowledge. The problem facing the management was how to leverage the existing local market presence into the range of new products, and still be cost-efficient.

Strategy implementation and business development

A basic governance question addressed in some of the cases was: “to what extent can the corporate centre accept that a local strategy may deviate from a corporate/global strategy?” At one extreme the answer can be “not at all”, in other situations substantial deviations are quite acceptable – perhaps even demanded. In *case 9*, the managing director of a mid-size sales subsidiary in southern Europe explains that the company “has adopted the European strategy for growth into our local context”.

Case 9: (a) How to grow a small sales operation in a European country

(b) This is a small European sales company, created in the early 90s when the local agent in the country was acquired. There is no manufacturing, and products are supplied from factories mainly in Europe. The company is selling products from two divisions, and the products/solutions are aimed at different market segments, and where the nature of the contracts differs e.g. in terms of large projects versus unit sales. The culture in the two divisions is also perceived as differing. In addition, delivery of large projects creates a considerable volatility in

local sales and profit, and this is part of the dilemma. The company is measured on sales and EBIT.

The discussions concluded that the managing director in his strategic planning should address the issue in a different way, less focussed on the Group and more on the local situation (c): *how to keep on growing in a balanced way, balancing financial and organizational risks and being sensitive to local conditions.*

Obviously, the “loyal” adherence on a smaller market to a Europe wide strategy is giving this managing director considerable concern. The commercial and financial risks associated with this strategy (built on a rather aggressive growth model), can easily be absorbed and dealt with on a European level, but when those risks were taken on a local/country level, the risk profile of the local company became very volatile. Is the implication that the local strategy, at least in terms of growth and development, in this company should be different from the global strategy – or how can they be reconciled? *Case 10* is another example of a similar problem, dealing with forward integration.

Case 10: (a) How to integrate forward inside a global business

(b) In a business segment, some of the sales companies are moving forward from being component suppliers to becoming systems providers/integrators. In some markets (mainly Europe) this is accepted, but in other markets this is seen as competing with your customer (and your own component sales). The system business, due to customer behaviour and priorities for higher efficiency, is becoming global, and the company is faced with the challenge

of going into systems deliveries globally. Simultaneously, the components produced by the company are a critical part of the full system.

The more strategic dilemma discussed by the group and seen as the issue to address in this case was not to find an appropriate action plan, but (c) *how this movement towards forward integration should best be managed from a Group perspective.*

This case illustrates a situation where a local company takes the lead in business development by moving from component sales to becoming a systems supplier. This move upsets the market and some of the old customer relationships in other countries. In doing this they also move a local business (component and individual parts) into a global business (complete systems and applications). From the local company's point of view this strategic move makes perfect sense as a way of "moving with the customers" – but there is a huge risk of cannibalisation of the company's own business in other countries. The question raised is whether it is possible to have different strategies in a global market.

Case 11 and *case 12*, in a similar fashion, address the problem of how to grow, but from two different perspectives. The first is from inside the existing core into new products, markets and geographical areas, the second – as in *case 12* – is through adding a newly acquired product range to the existing one.

Case 11: (a) How to develop a new business from "within" the organization in Europe.

(b) This business in an extension of the original core business. However, developing this business leads the company into a new market, where the existing "core" is

only part of the value proposition, and where the competitive environment is completely different. For one thing, in this new environment, the company will be a small player compared to inside its core activities where the company is a world leader. Some of the European sales companies (based around the core activities) have started to develop in this direction, but this has been very much on a trial and error basis, run by the local management, and up to their discretion. This is creating a lot of issues, so far addressed through standardization of the value proposition (“What do/should we offer”) and best practice dissemination. A management team for this new business has been organized and the problem owner (being part of this management team) asked questions about the possibilities and needed actions to expand this business inside the existing businesses. However, during the discussion it was considered important to, in parallel to the original question, discuss (c) *“how to obtain synergies across Europe and how to balance long versus short term priorities”*.

Case 12: (a) How to manage a global roll-out of products from a newly acquired company

(b) The company was acquired after long negotiations between the European part of one of the Group divisions and the selling family. The new company had a strong position on its home market (where the buyer already had some presence), and also on overseas markets, some of which was already part of the buyer’s overseas markets. On other markets there were no previous presence by the new company. An experienced marketing manager from the buyer was put in charge of the sales and marketing activities (including introducing the acquired

company's products to the buyer's sales organization), but besides that, no resources were transferred to the newly acquired organization. The marketing manager concluded that (c) *"we lack clear discussion points within the Group on how to roll out the newly acquired product range across the group. We work hard, but we lack the principles, procedures and policies."*

The original problem in *case 11* and *12* respectively was, after being critically discussed, largely accepted as "genuine". However, the discussions contributed to an increased understanding of the issues, also among the managers (problem owners) presenting the original issue.

In the previous chapter, the "parenting skills" of the management was discussed, i.e. their ability to apply a different managerial style and type of interaction towards different part of the global business and organization. *Case 13* illustrates how a growth orientated management also needs to sometimes concentrate on consolidation.

Case 13: (a) How to consolidate a turn-around case, while balancing short and long term actions

(b) The company in the Pacific Asia Region had gone through a difficult turn-around and managed to establish a stable – but still fragile – platform. The change program implemented was to a large degree built on the new management's experiences from similar work in Europe. Action plans for short and long term expansion had been developed. The short term plans dealt with how to strengthen the platform in the existing core businesses. Contrary to this, the long term business development plan was aimed at rapid growth, including

a move into another (adjacent) business. The idea was to internally finance this growth from profits made in the present core business.

In the discussion of this case, it became obvious that in order to successfully work with both the long term and short term perspectives simultaneously (c), *a deeper articulation and understanding of the Groups' strategic intentions for the region and globally was needed.*

The discussion on *case 13* reflected questions related to implementation of a corporate strategy, the pace and corresponding risk levels and the practical implications of a “common strategy”.

Sometimes there is a profound need for the central organization to assume leadership in order to deal with a serious strategic issue. Examples can include major acquisitions or mergers, but it is probably more common to associate these situations of centralized corporate leadership to external and strategic threats or crises. *Case 14* is such an example:

Case 14: (a) How to fight back an aggressive competitor

(b) The company has enjoyed an unchallenged market leader position for a long time. Recently however, market shares have been lost to an old competitor, who – under new ownership – is successfully attacking the company on many markets. With a much more centralized approach (e.g. not operating with highly independent sales companies), the competitor managed to be more customer oriented, flexible, and to react much faster. They seemed to be more open to risk taking and to have effective market intelligence. They have also been successful in developing attractive products built on a platform approach.

The reformulated problem shifted the focus of the original question to (c): *how to get the commitment and coordination from all parts of the organization in order to fight back this "born again" competitor.*

The conclusion that the consistent effort to fight back would require a coordinated and managed effort from all parts of the organization is perhaps not unexpected. However, the implicit question was how that could be done and what it would require in terms of giving up local power, control, and independence.

The origin of multidimensionality: diverging perspectives and priorities to consider

Previously the 14 cases have been presented and organized into four themes. The themes serve as a representation and conclusion of the cases on the problems or issues that were addressed. In each case, it was illustrated how the original problem through critical discussions among the participants was articulated in a new and different way, indicating diverging perspectives, priorities, and interests that need to be considered in order to solve each of these problems.

This process of discussions and dialogue which changed the perception of the original problem into a new problem formulation has been important to present in each of the cases. The focus is in the following altered to a deepening of the understanding of the underlying multidimensionality indicated.

The multidimensionality discovered following the discussions and articulated in the reformulated problems included dimensions of an organizational nature (i.e. different internal stakeholder's influence on decisions) but just as often it represented circumstances outside the structure and the established processes.

In the following section, the 14 cases will again be presented, but this time organized into a number of multidimensional contexts. In each presentation, particular focus is on the perspectives and priorities that influence the solution to the problems. These priorities and perspectives tend to diverge rather than converge, and thus requiring management to make a choice. I will also briefly describe the solutions suggested in each case.

Each case will retain its original case number. Initially, the reformulated problem is stated as reminder, followed by a condensed summary of the discussions in the seminar, as well as my own comments on different perspectives and dimension that emerged, and how they were reflected in the solutions.

Different views on risk taking

One of the benefits of being a large company instead of small company is the ability to spread risks between different businesses, different markets, and different decision makers. If something goes wrong in one place, it could potentially be offset by things going very well somewhere else in the corporate structure. Knowing this, management in large organizations can view risks in a different way than in small companies – the need for (literally or figuratively) “betting your company” is rarely on the agenda.

However, the situation is different when moving from the corporate to the unit level; it is rarely the case that an individual subsidiary unit can leverage the corporate “risk-absorbing ability” in the local decisions on strategy or business development. As can be seen in some of the cases, one of the critical dimensions in strategy development and implementation is how to prioritize between global (or corporate) and local risk-taking.

Depending on the type of risks, most organizations have tried to establish structures that in themselves perform this balancing act. Typically risks related to the financial situation are

subject to guidelines regarding investment authorization, and companies use cash pooling and ultimately the ownership of the local unit's balance sheet to regulate this.

Likewise, commercial risks are dealt with through establishing levels of authorization or limits on business concessions and agreements that can be made locally. Procedures monitoring compliance to local legislation, regulation, and practice as well as corporate policies and directives are in place.¹⁴⁰

In some areas, the balance of sometimes diverging interests is simply solved through outright centralization. Merger and acquisitions is typically one such area, where all initiatives of this nature are managed from the corporate centre (although proposals etc. can come from the local company). In other areas, however, this "structural" control becomes much more difficult. One such area is brand equity and who "owns" the brand. Many organizations today seem to consider the brand a corporate asset, owned by the corporation and "franchised" to the different organizational unit, to be used in their local marketing and on their products.

The brand is built by the consolidated communicative actions and measure taken by the organization over time, and the strength is achieved through the consistency of those actions.¹⁴¹ Thus, most organizations (including public utilities or monopolies, entities that might be thought not to be very concerned about branding) today are building a fairly strict set of guidelines and policies on how to use and communicate the brand.

Case 4 ("Going from business-to-business to business-to-consumer sales and marketing") reflected a situation where a business opportunity was evident and would provide sizeable potential sales and profit, but where the existing brand would be introduced

¹⁴⁰ In one of the companies, the internal policies were actually audited by the external auditors, upon agreement with management.

¹⁴¹ Aaker, 1996.

to a new target group: the end-users. How would a decision to go directly, for the first time, to the end-user market impact the brand and its perception, and could a single company make that decision?

In finding a way of dealing with this strategic issue, perspectives from the competition, the internal organization, the distribution channels, and the neighbouring sales organization emerged. In addition, it was discussed whether this was a strategy that, if proven successful, could be replicated in other markets. Without doubt, a large potential was untapped by the company in many markets and regions. Would a stronger recognition of the brand outside the traditional distribution pave the way for other product categories? Would the experiences gained from this market be useful in other markets when communicating to new target audiences, using new media? If so, would the actual cost for doing this not be an acceptable investment to make in an important learning experience for the Group?

After a process of discussing the different (and often diverging) priorities and perspectives, the recommended solution suggested that the sales company should be “allowed” to go ahead and implement its plans, but that the case should be referred to as “pilot project” in the Group, and it should therefore be monitored centrally, in order to obtain maximum learning from it. In doing so, the Group should also assume some of the risks, thus ensuring the long term resilience needed to bring this project to its end, in order to learn as much as possible. Simultaneously, methods for disseminating the new knowledge and experience needed to be invented.

In other cases discussed in the seminars, a local business opportunity was identified, when the local organization, together with a customer, entered into a new market. As long as the changes were confined to the local company or market, the development work took on an “underground” character, and could probably

continue relatively unrecognized. However, sooner or later, the activity was recognized by (old and new) competitors, and by customers and suppliers. It would then start (in a global context) to take on the shape of strategic re-orientation, which contained substantial risks. *Case 11* (“*Finding synergies and leverage the strengths in a new competitive environment*”) is one example of this, addressing the issue of implementing a growth strategy.¹⁴²

In this case, reaching a breakthrough development would require a managed process, and the newly organized management team for this new business was trying to introduce this, mainly in the form of standardization. This immediately brought to the surface questions of local independence and adaptation versus centralized control, and the importance of managing dimensions such as incentive schemes, conflicting objectives, and making priorities between different divisions.

In *case 11*, the recommended solutions included developing proper measurements for monitoring the development, based on an agreed strategy. In pursuing these measurements and success criteria, some investments (in terms of lower growth expectations, margins etc.) must be made at the Group level in order to support the establishment of the new business locally. This could be justified, provided that systems for knowledge transfer were developed, but it required supporting incentive and compensation plans. Systems for transferring people needed to be developed, and a training/development program should be institutionalised.

Case 13 (“*Growth and strategy; how to get it right*”) was an illustration of how to balance risks in business development initiatives. The essence of the process of change in this case (driven by the need for regaining profitability) meant redefining the core business of the company, and included the Group level.

¹⁴²Case 10 concerns a similar situation.

In the discussion, it was, however, questioned whether the corporate centre had more skill in identifying and formulating a need for change, in order to capitalize on new opportunities in the market place, than the individual market companies. If this was not evident, was the corporation not exposing itself to serious (long term) problems if it did not allow the local markets to take some risks in trying new initiatives? It was claimed that the management's decision making process has to include both perspectives. In addition, there were also issues to consider which were related to customers, competition etc.

The discussion in the seminar identified the need to find a logical way of dividing/organizing the business as the most important priority, making sure that the customers were not confused.

Mergers and acquisitions are activities where most companies apply a centralized approach. *Case 14* ("*How to make a consolidated effort to fight back a "born again" competitor*") provides another example of risk assessment similar to the merger and acquisition example; there are risks associated both with the alternative "do nothing" as well as the option of "taking action".

In *case 14*, a corporate-wide campaign to recapture market shares and the leadership position would in the short term have a negative impact on local business, and could also negatively impact plans already made in R&D, marketing etc. Finding a solution to this required the company to rethink some of its ways of doing things, in particular the division of authority between global (or corporate level) and local level.

Reacting to the new competitive situation involved changes and re-orientation in a number of areas, each requiring investments and involving potential risks of disturbing existing business. The changes included changes in the product platform (to allow shortened lead-times), changes in the commercial offering (pricing policy, warranties etc.), re-organizing resources for

better customer focus, and finally, it required new incentive and reward systems to obtain internal attention.

The plan to aggressively retaliate and regain the market shares could not be launched by one single market company. The recommendation was to immediately appoint a project team from the Group level with the stipulation that one of its first priorities was to initiate a dialogue between marketing, sales, and R&D, as important stakeholders in the project.

Use of common systems

During the 1980s and in the beginning of the 1990s, it was common for large organizations to take an uncompromising view on the usage of corporate systems for accounting, control etc.¹⁴³ At the time, it was a question of either one common system or many different, and sometimes incompatible, systems (unless you were prepared to do an immense amount of conversion work from one system to another in every reporting period); obviously the former was, for several reasons, preferable. Today, this is less of a problem. The contemporary IT-system architecture allows for data mining and reshuffling of data in many different structures, and the power of a modern laptop allows everyone to produce the information and have the presentations ready in virtually no time. It is also possible to produce your local (and highly customized) reports and nevertheless use the common system.

Even if the practical obstacles to local adaptation within the framework of uniform systems have been removed, there may be other reasons why it is not always easy to find a workable common solution. This was illustrated in *case 5* (“*Using the Group as a platform for external recruiting*”) and *case 6* (“*How to get Groupwide*”).

¹⁴³In one of the companies, the internal policies were actually audited by the external auditors, upon agreement with management.

support for a Key Account System”). In case 1 (“*Being successful in sharing application knowhow across the Group*”), the focus was on the internal knowledge management system, and how to introduce more local market knowledge into the experience sharing tools that already exist, with regards to technical solutions and applications.

Initially, this looked to be very much a standardization issue: if only the input could be standardized, the quality of the output would be greatly enhanced. However, behind this simple question were questions as to what benefits this would create, for whom, and what disadvantages it would incur. More specifically, these disadvantages included loss of information (because that particular piece of information didn’t fit into the common system) and usefulness (the timeliness and accuracy of the data entered, compared to more informal contacts through telephone, mail etc., where detailed and highly specific questions and answers could be exchanged).

The purpose of the proposed experience sharing system was straightforward. By sharing information on how applications were made or good solutions created for one customer between the different sales companies, new sales initiatives could be taken in the different market, and development time and costs would be spared. However, during the discussion different objectives with the system emerged that needed to be reconciled:

- The corporate aim of using application sharing between markets as a vehicle for future growth
- The divisional aim of creating means for prioritizing and obtaining a first-mover-advantage
- The local company’s need to be provided with good support

In the case discussion, all these three perspectives were debated and weighed/evaluated, and it was clear that a final solution or proposal would have to consider them all.

Growth: strategic, organizational, and personal dimensions

When introducing the seminars to the participants, one of the senior managers took his stance from the growth target of the company and the notion that the ability to deliver profitable growth in revenues over a long period is highly rewarded especially by the stock market. This growth may be achieved through different activities, but they all required a conscious effort to develop the business. However – and this was the main argument – if the company liked to develop and grow its business, it has to provide personal growth opportunities for its staff and develop the organization.¹⁴⁴

Some of the discussions of the cases, in a similar way, touched upon the need for connecting the external and internal environment. From the external environment, there was a need for developing new or different business, and this had to be met by appropriate organizational structures and processes as well as values, skills, and knowledge among the individuals to capture those opportunities. Organization, business, and individual development processes need to correspond. When the participants in the seminars discussed the problems or issues formulated as needs of the business (or organizational shortcomings or need for new skills) they were just as much talking about the individuals and

¹⁴⁴ Business development can be considered as inseparable from organizational development and/or individual development; that in fact a development process can start in any corner of that “triad” and eventually impact the other two. However, management can also probably strongly enhance the development process by consciously striving to match the way the business, the organization and the individuals are developed. See also Agurén, 2001.

(in a broad sense) the organization.¹⁴⁵ When talking about individual and organizational challenges, a business perspective was usually involved. The recommended solutions were sometimes found when “moving” between the different perspectives and trying to establish the best way of linking them.

The business development dimension of *case 8* (“*How to leverage expertise to maintain local relationships and develop new business*”) was straightforward: to introduce an extended product range in all European sales companies.

Already in the initial discussion of this case, the focus was just as much on the local resources available, as on the central initiatives requested. There were at least two local aspects to consider; first the need for local knowledge and the application of know how related to the new product range, and secondly the need for local resources for developing the market potential for the new products in each market, either with existing customers and/or together with a completely new customer base.

Simultaneously, some clear restrictions were introduced regarding adding more costs to an already lean local structure and the ambition to avoid building large and costly central structures. Solving this would require new thinking in terms of organizational layout and the possibility of further increasing the capacity and versatility of the individuals, through development initiatives.

Thus, in *case 8*, the business development strategy brought a need for re-thinking both organizational and individual development. Limitations in that respect could restrain the feasibility of pursuing the business strategy.

The recommended action plan included a number of activities, related to all three development areas. It was suggested that the available competence and knowledge throughout the regional

¹⁴⁵ Here, as in many other references in the text, “organization” is meant to include not only structure, but also guidelines, policies etc.

organization should be mapped and “gaps” (where necessary knowledge or competence was lacking) identified. Development plans for individual employees to bridge those gaps should be developed. There was also a need for a common format for business (market and sales), planning across the region, and a task force on a region level needed to be organized, to help out in business development situations where local expertise was not available. Finally, the possibility of having experts located in one market working across borders with neighbouring companies/markets was to be investigated. This would however require rethinking the organization, responsibilities, accountabilities, incentives etc., i.e. a lot of the prevailing structures and processes. In *Case 2* (“*To clarify the Group strategy in terms of standardization and customization*”) as well as in *case 9* (“*How to grow in a balanced way*”) similar discussions were held and recommendations made.

Internal competition

The natural condition for the type of organizations in this investigation is to be under competitive pressure. Competition is not only confined to the external environment, but sometimes equally prominent in the internal environment and between different units (companies, divisions etc.) in a Group. However, an internal competition can create dysfunctional behaviour, and it is not rare to see the high internal competitiveness negatively impact performance externally.¹⁴⁶ It can be interpreted as a support for the local businesses’ right to say “no” to anything that doesn’t make sense from the local business perspective i.e. that does not have a positive impact on the local bottom line. As a consequence, local companies may become cautious and conservative, refraining

¹⁴⁶ An example could be competing for the same customers or clients, resulting in lower prices and sometime even loss of business.

from doing anything which might negatively impact their profit line. In the documentation from the discussions of the cases, several examples can be found. Individual subsidiaries or units will not opt for being number one in introducing a product, a concept or a solution to their market – they prefer some other company in the Group do the testing (and assume financial responsibility), and only when they can see the clear benefits, are they prepared to implement the change or the new product (*case 12*). They are equally reluctant to share some of their intellectual property, since it may damage their competitiveness – this includes customer information and part of the market intelligence (*case 6*). They guard their own innovations and break-through solutions, reluctant to hand over the benefits from their investments to anyone before extracting all the profit from it (*case 3*). They avoid getting into new ventures and partnerships with others, unless the principles for splitting costs and revenues are discussed in detail (*case 10*). In short, they protect their bottom line. However, one important value much talked about in the participating organizations, just as in many others, is the “one company approach”.

While perhaps being acceptable in organizations defining themselves as “portfolios” of businesses (as a holding company), the behaviour just described is dysfunctional in companies seriously committed to achieving synergies across the individual units and working with value creation in more than one dimension. Companies embarking on this way of doing business consequently organize themselves so as to shift the focus from the internal structure (inside-out) to the external relationships (outside-in).

The cases were apparently different in terms of the maturity of the markets served, the competitive context, and the available resources etc. This presented strong arguments for “doing things differently”, and not replicating what was done somewhere else in the organization. Some of the cases, nevertheless, discussed mechanisms that promoted sharing, internal partnerships, joint

efforts and mutual loyalty, and mediated “unhealthy” internal competition. This was for example discussed in *case 3*, *case 10* and *case 12*.

In *Case 3* (“*who should drive the development of low-end products?*”) the discussion was related to the strategic development in a US based subsidiary. Here it transpired that this specific product – unknown to the US management – was already being produced in Latin America. All available knowledge (including drawings and product prototypes) could be transferred from Latin America to the US, cutting the lead time for introduction by six months, and allowing for this market testing to be conducted with limited investments.

The important learning experience from the case was, however, that nowhere in the organization (as the structure and processes were designed) was there a forum where this discussion could surface. The Latin American and US plant managers did not meet, since they belonged to two different divisions, and no system for knowledge sharing supported the transfer of these types of experiences from one unit to another. There was no incentive scheme promoting the sharing between plant managers of what they were doing, and the strategic plans, based on geography and not application, did not bring to the attention of any coordinating body that a discovered need in the US (admittedly a little bit outside the core activities) could be met by a product already produced somewhere else in the Group.

Case 10 (“*How to manage forward integration?*”) was initially perceived as a business development case. At the core of this was, however, the notion that perfectly sensible actions for increasing profitability and revenue in one country, constituted a serious threat to the bottom line in another country. Under the present business structure, measurements, and follow up systems, investment guidelines and procedures, there was no organizational solution to this problem. In order to solve it, it was necessary to create

a new unit, outside the one already existing, which was built on a networking approach where all key internal stakeholders were represented and following a “global” business plan.

The conclusions from this case was that there was a need for one consolidated business plan, covering all markets, integrating both the systems business and the component business and making necessary trade-offs between the two.

Case 12 (“How to roll out a newly acquired product range across the Group”) dealt with the potential dysfunctional consequences of internal competition in the period following an acquisition. The idea was to introduce the newly acquired product range to the established sales and distribution units, in order to capture some of the synergies calculated in the deal. Since the acquired company was competing in the same market as the buyer, the case was also an example of a situation where a fierce external competitor became a trusted internal colleague overnight, which was a difficult mental “re-evaluation” of the relationship.

In this case the participants in the seminar discovered at least three internal relationships that needed to be managed: and all of them contained potential internal competition:

- Relationships to the existing Group companies on the newly acquired company’s home market
- Relationships between the new company and the existing overseas sales companies
- Relationships with the market development functions in the Group, in order to design initiatives on markets new to both the buyer and the newly acquired company

On the home market, it was a question of accepting that a former competitor, who over the years had been the subject of certain statements and remarks to customers, was now part of your company, and should be promoted with loyalty. Previous co-workers,

who had left the company and joined the competitor, now became co-workers once more (and old grudges resurfaced). Standards once decided against, now became common.

On the overseas markets, where in this case the newcomer had less experience and presence, it became a question of making local initial investments in order to “pave the way” for introducing this new range. These investment decisions should be taken locally, incurring local costs and reducing the local sales company’s profit, with uncertain future revenues.

On new markets, the mental framework related to the former competitor’s products had to be changed. The sales force and market developers had to be educated in the product features and learn to recognize and communicate unique selling points and differentiating advantages in products they had competed with earlier.

Unless the competitive element was taken out from those discussions, the lead time to integrate the new company in the structure would be “unbearably” long. In addition, it was important not to give customers any excuse to switch to other suppliers or change their purchasing behaviour, or allow the sales companies to – use the integration as an excuse to under-perform. A plan had to be designed, and it was labelled “the post-acquisition manual”.

Finding solutions: going beyond structure

The 14 cases are a selection from more than 30 similar cases. The particular aspect of these 14 problems was their multidimensionality. When the 14 problems were aggregated into larger clusters or groups (the initial coding), problem areas were identified that most likely are common in other organizations, both larger and smaller. Challenges related to learning, economies of scale, implementation processes, and innovation and development are also on

the managerial agenda in different industries and sectors, not only for-profit enterprises, regardless of size. The second coding and interpretation of the material further revealed the different perspectives, interests and priorities related to risk taking, common systems, growth, and internal competition, that had to be taken into consideration. However, once again, conflicting perspectives such as these are part of everyday life in many organizations.

In many of the cases, this multitude of possible and valid dimensions to consider were, however, not always apparent in the original formulation of the problem. It required intense discussions to deepen the knowledge and understanding of the situation, and it was during this process that different perspectives and priorities were identified. Thus the multidimensionality was sometimes only possible to observe in hindsight – but then it became very obvious.

In order to give an overview and conclude this chapter, the 14 cases are summarized in Table 1. Each case is organized firstly according to the problem grouping: (1) how to access a group learning curve, (2) ownership of corporate resources, (3) how to achieve critical mass and (4) strategy implementation and business development. The cases are indicated by number and by the original statement of the problems, as initially perceived by the “problem owner”.

Secondly the cases are organized according to the dimensions considered in order to find the solutions: (1) different views on risk taking, (2) different views on using common systems, (3) different dimensions to consider when growing, and (4) different perspectives and priorities in managing internal competition.

Finally, a few words on the cases not included among the 14 referred to. In those cases it was found that, even after a lengthy discussion, the number of diverging perspectives and priorities in these cases remained relatively few: an existing

policy needed to be applied properly, milestones in an action plan approved etc. These problem were just as demanding as the 14 included in this investigation, but – contrary to those – they could be solved by using the organizational structure, the decision making processes etc. already in place. I have in chapter 2 made the distinction between these “tame” problems, and the “wicked” ones, represented by the 14 cases included here. They provided insights into the multidimensional problem solving as related to the research questions in this investigation. During the subsequent discussions of possible solutions to these cases, it was – even after recognizing the diverging perspectives and dimensions attached to the problem – tempting to revert to the familiar structure, and try to fit the situation into the established mold. However, the management group, as a rule, refrained from this. Instead, in order to find solutions that also recognized this multitude of interest, perspectives, and priorities, they went beyond what was given by the structure and familiar way of solving problems. It seemed as if the management applied another mindset in order to define and solve problems in situations of multidimensionality. However, at the same time they did not question the prevailing structure. Instead they seemed to – using the language of Barlett and Ghoshal – develop a “matrix of flexible perceptions and relationships [that] lets individuals make the judgement and negotiate the trade-offs that drive the organization toward a shared objective.”¹⁴⁷ This observation raised additional questions. What are the specific requirements placed on management – and on the organization? How can the “reframing process” be understood? These questions are part of the focus in the next chapter, again referring to the 14 cases of problem solving, and taking one step further in the analysis.

¹⁴⁷ Bartlett and Ghoshal, 1980:8.

DIMENSIONS TO CONSIDER IN PROBLEM SOLVING

	Different views on risk taking.	Different views on using common systems.	Business development, organizational and personal dimensions when growing.	Different perspectives and priorities in managing internal competition.
MULTIDIMENSIONAL PROBLEMS	How to access a group learning curve.	1. How to use local market knowledge in further developing the application sharing in the European division.	3. How to develop a low-end product range in the USA.	2. How to work with the sales force on non-standard products.
	Ownership of corporate resources.	4. How to run (for the first time) an end-user directed campaign in one market.	5. How to leverage cross-organizational opportunities in developing the service division in a country. 6. How to integrate a key account management system into a global organization.	
	Achieving critical mass.		7. How to build critical mass in a manufacturing unit serving more than one division.	8. How to manage continued local presence and yet improve cost efficiency in the European sales companies.
	Strategy implementation and business development.	11. How to develop a business from "within" in the European organization. 13. How to consolidate a turnaround case, while balancing long and short term actions. 14. How to retaliate to an aggressive competitor.	9. How to grow a small sales operation in a European country.	10. How to integrate forward in a global business. 12. How to manage a global roll-out of products from a newly acquired company.

Table 1: Summary of the 14 cases sorted according to the problem (as initially formulated) and the dimensions to consider (from the discussions). The cases are numbered according to the numbering in the text.

4

**DISCUSSION: MANAGERIAL
INTERVENTIONS AND REFRAMING IN THE
CONTEXT OF PROBLEM SOLVING**

Neo watches a little girl levitate wooden alphabet blocks. Closer to him, a skinny boy with a shaved head holds a spoon which sways like a blade of grass. In front of him is a pile of spoons bent and twisted into knots. Neo crosses to him and sits. The boy smiles and hands Neo the spoon which is now perfectly straight.

SPOON BOY:

Do not try to bend the spoon. That is impossible. Instead, only try to realize the truth.

NEO:

What truth?

SPOON BOY:

That there is no spoon.

Neo nods, staring at the spoon.

NEO:

There is no spoon.

SPOON BOY:

Then you will see that it is not the spoon that bends. It is only yourself.¹⁴⁸

¹⁴⁸Wachowski and Wachowski, 2001:68.

At one point during the development of the seminars, one of the participating CEOs noted that “if the seminars could get the participants to think like Group Management [in the company] ten percent of their time, the Group Management team would be increased by eight managers.”¹⁴⁹ Besides establishing a learning objective for the seminars, the statement can also be viewed as a more general comment on management capacity; leaner, more focused, and easily controlled organizational structures can have unintended side effects; an increasing scarcity of leaders having the necessary overview and understanding of the multidimensionality and the potential complexity of the problems they have to address. The ambition voiced by the CEO can be read, in this context, as striving for complementing the organizational structure applied in the company with managers, having and using an extended perspective in matters related to the business, the organization etc.

It is likely that most problems in many organizations do not need a multidimensional perspective in order to solve them. However, the seminars in this investigation deal with the exceptions: cases where, although not always obvious at first, the well-known guidelines and modes for problem solving could not be applied (their “wickedness” was gradually revealed).¹⁵⁰

What did management do in these cases and how did they think? One observation from the interpretation of the cases in chapter 3 is noticeable: there was a need to shift the position from which the problem was originally viewed, in order to discover its inherent complexity. It was not a matter of small adjustments in the existing problem definition in order to find additional perspectives. On the contrary, it required a radical shift in perception and understanding, just as the one the boy bending spoons asks Neo to do in the Matrix movie. In the problem solving seminars

¹⁴⁹ Personal notes from discussion.

¹⁵⁰ See Grint, 2008.

this took place in a context formed with the purpose of influencing the problem solving process, including selection of format of the seminars, participants, venue etc.

In this chapter I will use the theoretical framework of intervention (the way the context of the problem solving process was shaped) and reframing (the shift of perspective), and continue the interpretation of the empirical material. In terms of methodology, the analysis and interpretation in this chapter is made using the same approach as described in chapter 2 and applied in the previous chapter.

In the theoretical framework introduced in chapter 2, it was noted that an important outcome of interventions are the capabilities they form and release. In the context of the seminars these capabilities were built on the competencies various participants brought into the problem solving process. In order to understand how the organizations managed to address multidimensional problems, the capabilities will be discussed as intermediaries, linking interventions and reframing.

Finally, a few words on the solutions: even though they were formulated in the seminars, they were finally decided upon later. I have no intention of evaluating whether the recommended solutions were implemented, if they worked etc. The solutions will be mentioned, and sometimes even discussed, but always related to the main focus in this chapter.

I will initially discuss the decisions, actions and arrangements that established the context for reframing. What did they look like?

Interventions in structures and processes

Problem solving in a format such as in the seminars in this investigation had never been organized before in the participating companies. It represented a different procedure compared

to the “normal” procedures, where the functional and/or divisional organization in the companies were guiding how, and by whom, problems were addressed. Both in terms of designing the seminars, preparing tools or methods for promoting the process as well as taking decisive actions during the process a number of decisions were made. At the time, they were referred to as “guidelines”, “schedules”, “models” etc. In the context of this investigation, I will however refer to them as different interventions, introduced into the problem solving process by management, acting as “interventionists”.

When interventions were discussed by e.g. Argyris and Schön in their writings from the 1970s, the interventionist was placed partly outside and partly inside the system, but clearly separated from it and its structure, and the intervention had an almost therapeutic nature.¹⁵¹ This way of understanding interventions indicate that they are made during actual interaction between interventionist and client. However, another view of interventions suggests, that managers can intervene, not through their participation and interaction, but by shaping structure. This is discussed in more recent writings on organizational learning in communities:

In general, problems in collective action can be resolved by an agency (management for example), enforcing a regime of cooperation while outside the process itself. While an agency might enforce knowledge sharing in

¹⁵¹ See chapter 2. Although Argyris and Schön, 1978, never refer to this as a “therapeutic relationship” this framework seems valid, considering the intervention strategies suggested: (1) to help the client become aware of and “un-freeze” their present (single-loop) learning model, (2) to educate the client in double-loop learning and (3) to help the client to use this new knowledge. There is a close similarity with, for example, models for organizational change. For an overview of the foundations, scope and methods of organizational development and change management, see *Organization Development. A Jossey-Bass Reader*, 2006, edited by J.V. Gallo.

the organization, it might have limited concerns for the details of the knowledge shared, and so its control might focus more on the structure for sharing, effectiveness of sharing [...] ¹⁵²

In this view, the managerial intervention is distanced; it decides on the premises, but does not participate in the process. ¹⁵³ I will use the term “structural interventions” to denominate actions that are planned and executed in advance, and implemented through the structural design (decided format, selected participants etc.) surrounding the process of problem solving. Interventions made during the interaction in process will be referred to as “process interventions”. They can be based on previously established methods for intervention, developed and tested in similar situations. Alternatively, the interventions could mean using methods or models developed during the process, but essentially reflecting a set of more generally held assumptions and ideas formulated in advance. I consider both structurally oriented as well as process oriented interventions important; they are complementary and should be considered as legitimate strategies.

In chapter 2, the seminars and their structure, format, and process was described as more or less given. However, before being implemented, they were discussed and then, through different

¹⁵² von Krogh, 2011:409.

¹⁵³ Argyris and Schön, 1978, referred to this as “the structural approach”, and questioned whether it could be considered as an intervention, reflecting a comprehensive strategy. They illustrate this in their book by closely relating a case of consultancy, where the client was UNICEF. However, a close reading of the consultant’s report gives additional views on the structural approach, and partly questions Argyris and Schöns conclusion. The structural approach can be related to both the criteria of responsibility and causality mentioned by Argyris and Schön, as necessary requirements for interventions. This is illustrated in a quote from the report, SIAR, 1977:8: “One of our basic theoretical assumptions in this context is that an organization’s ability to learn, change and resolve its own problems is largely dependent in whether power and knowledge are available at the same spot. If this is not the case, either vicious circles or stalemates will develop. Our consultation strategy is therefore to try to identify in our diagnosis such basic shortcomings and then try to stage a self-reinforcing repair-ing process that brings knowledge and power together.”

decisions and actions taken both in the planning and execution of the seminars, finally designed. Further, the decisions were made with the purpose of achieving the objectives of the seminars, established by management. The seminars should for example contribute to growth, both on a personal, business and organizational level. The chosen format should give the participants thorough and extended and grounded knowledge of the company, while at the same time giving the opportunity to “test” perceived limits in a “safe” environment. The participation should foster a corporate environment with a better ability to articulate and communicate around “problems” and difficulties, as well as to appreciate different viewpoints. The format was expected to set an example for learning, and create a common frame of reference for problem solving. All this was also expected to greatly contribute to the individual development of the managers and others invited to participate.¹⁵⁴

My intention in the following sections is to deepen the discussion of these decisions and actions in order to reflect them as *different forms* of interventions in structures and processes.

Designing the format: structural interventions

In preparing and managing the seminars, both internal resources and the external facilitator and meeting secretary were involved. Internally, the responsibility was split between top management (on CEO-level) and a person in charge of the management development program, typically the Human Resources Director of the company. The following table (Table 2, page 123) shows the division of responsibility between different functions.

In the internal communication the seminars were introduced, on one hand, as part of the management and leadership

¹⁵⁴From the problem brief, see Appendix 3.

RESPONSIBILITY	ROLE			
	Facilitator	Meeting Secretary	Corporate internal program responsible	Top Management
Communication to participants etc.	X	X	X	X
Venue preparation		X	X	
Research (external)		X		
Selection of participants	X	X	X	X
Selection of external speaker	X	X	X	X
Selection of problem to discuss	X		X	X
Preparation of material		X	X	
Facilitation throughout seminar	X	(X)		
Documentation and evaluation of seminar		X		
Implementation of recommended solutions	(X)		(X)	X

Table 2: Division of responsibilities in preparing and leading the seminars. Brackets indicate a supporting role.

development programs, on the other hand as expected to recommend solutions to real and actual business problems, and these solutions were expected to eventually be implemented.¹⁵⁵ This decision on how to present the series of seminars established a *dual ownership*; albeit the practical arrangements were made by

¹⁵⁵ The two participating companies had well-structured plans for top and middle management development and training in place, and conducting the seminars included in this investigation was seen as a complement, not as a substitute.

the Group Human Resources function, the responsibility for the outcome of the seminars rested with Group Management. In the participating companies, this was a novel way to position management development and it was recognized throughout the corporate organization. Deciding on this structure and also from the very beginning communicating the dual ownership to the organization had – as was the intention – an important influence on the process, not the least in establishing expectations on what was to follow.

This dual ownership was also evident when deciding on participants. The first selection was made by the Human Resource function, reflecting a set of more or less objective criteria (level in the organization, geography, gender, next career move etc.). On top of this Group Management superimposed a perspective of “who should talk to whom” or “he/she would be greatly helped by listening to this discussion”, reflecting more of the day-to-day management of the organization. In terms of intervention, the active selection of participants *using both individual development needs and business development criteria*, resulted in the participation of managers with diverse nationality, experience, present position (line or staff), gender, and level in the organization. The groups of participants were also formed prior to the selection of problems to discuss, and hence the criterion “being an expert on the problem” was not applied. As soon as the seminar groups were formed, information on the groups was disseminated throughout the organization. Being invited to participate was often perceived as being “selected” and invested in the participants a sense of being “recognized” by top management. This probably had an impact on attendance (there were virtually no “drop-outs” from the seminars), preparation, and energy level in the discussions. The decisions on procedures for selecting participants can be considered an important managerial decision (or intervention) into the problem solving process, aimed at having an impact on the outcome.

The participants from Group Management were given strict

instructions guiding their participation. In essence, *managers from Group Management were expected to be passive* and not interfere in the seminars. As part of the decisions on the format and organization of the seminars, this was important, and different from Group Management's role in many other problem solving discussions in the companies. With Group Management more or less as observers, staying outside the discussion for most of the time, the participants had to rely on each other as resources for reference and decision making. The fact that the seminars took place outside of the office premises, with no possibilities to bring in additional resources (information, expertise etc.) also underlined the basic premises in the design of the seminars: to use what was available "in the room" in terms of experiences, knowledge, creativity etc.

Usually, the first two hours were dedicated to a presentation by an outside "provocateur". The ability of this speaker to broaden the perspective and challenge the common views in the organization was considered more important than actual knowledge of the issue.¹⁵⁶ Even more important was the fact that the introduction of an outside speaker introduced an *external point of reference* into the seminars. The provocateur did not participate during the rest of the seminar, but the decision on inviting an external input represented an intervention in the regular problem solving processes.

Albeit working to find solutions to real and urgent business problems of sometimes high strategic importance, the seminars would never replace the formal decision making process in the company. The solutions, expressed as recommendations, were always referred back to the proper organizational level, hence *connecting the seminar context with the operational reality and chosen organizational structure*.

¹⁵⁶ Hence the title "provocateur".

The decisions concerning the design and format of the seminars discussed, had an important impact on the problem solving process. They influenced e.g. the rhetoric used, conflict resolution, and exercise of power, and in this investigation they represent different structural interventions into the seminars. Together, they aimed at establishing a well-functioning context for framing and reframing of the problem.

Process interventions: planned, and used in context

As illustrated, guidelines related to the planning and conduct of the seminars, covered different aspects of the process, from the physical outline and organization of the seminar room, the templates for inviting the participants, and the instructions to the problem owner etc.¹⁵⁷ It was a clear ambition that the seminars should differ as little as possible from one another.

The outline of the seminars strictly followed a particular design in three sequences or phases.¹⁵⁸ The first sequence, expanding the problem, was an open exercise, where all questions were allowed. In terms of intervening into this, the facilitator – when the discussion slowed down – asked for more information, explanations and clarifications, using a perceived or even expected ignorance of detailed circumstances. The discussion continued until a level of saturation was reached and no new lines of questioning were introduced. Any attempts to suggest solutions were disallowed. Having become acquainted with the process, and the importance of following it, the participants sometimes helped the facilitators in maintaining a strict regime in this respect.

In freezing the problem, the challenge – obviously having an impact on the solutions recommended – was to find a proper

¹⁵⁷ Some of these guidelines are presented in Appendix 3.

¹⁵⁸ See also chapter 2.

articulation for it. It was a collective effort and the appropriateness of the wording was carefully measured, nuances discussed, and ambiguities omitted. The exercise was sometimes done on a white-board or flip-chart and the facilitator acted as secretary, under the guidance of the participants. Considerable time was spent doing this, testing the linguistic skills among the participants. The final result was usually different from the way the original problem was formulated, and before continuing in the process, the problem owner was given the opportunity to reflect on the changes. Finally, the seminar discussed available solutions, action plans and possible risks. The problem solving process, including the sequences of expanding, freezing and solving, in a particular order, was a powerful tool with regard to influencing the discussion, and its strict implementation can be viewed as an important form of intervention into the seminars.

Outside this process, a set of other tools were available. One example was the formation of breakout groups used in all seminars, but different in size, time allocation and formulation of task. These groups, usually with 5–7 participants in each, met separately for anywhere from 20 minutes up to an hour to discuss different assignments. The breakout groups later reported their conclusions in plenary sessions. The groups could either work on the same approach (such as doing a SWOT-analysis¹⁵⁹ of the problem), or on different assignments. The latter could e.g. reflect short and long term planning, or it could involve each group applying a specific stakeholder interest on the issue. Formulating the assignments was not done in advance, but had to reflect what was presently discussed in the seminar, as well as to energize the discussion. The groups could – for the same reasons – be formed randomly or in order to reflect specific perspectives. There was no pre-conceived plan for these interventions, and it

¹⁵⁹ Strengths, Weaknesses, Opportunities, and Threats.

rather reflected the gradually increasing understanding by the facilitators about the group, its dynamics, and about the individual participants.

The organization of the plenary sessions also reflected the development of the discussion. Sometimes they were used for making conclusions. The meeting secretary could also be asked to read aloud sections from the meeting notes.

Question and answer sessions were part of the plenary discussions. Sometimes the facilitators challenged the presenter or the audience, by asking for clarifications, and explanations. In order to legitimize difficult questions, the facilitators could use their assumed ignorance of the details of the organizations. In reality however, the facilitators were very well informed and were not unprepared in terms of understanding the business, priorities, objectives etc.

Using familiar models and techniques, these actions were implemented during the process, with the specific purpose of supporting the ongoing problem solving. They had an impact on the outcome through forming important capabilities for interpreting, articulating, and solving the problems.

The interventions just described were scheduled in advance, as part of the preparation of the seminars. They reflected similar ideas and perceptions of the nature of the problem solving process, as were establishing the foundation for other decisions on the seminar structure.¹⁶⁰ However, they were also guiding the process *during* the seminar, as a basis for improvisations and *ad hoc* structures. Next, I will discuss this aspect, and suggest some of the ideas that influenced the process, although in a less prepared and planned way.

¹⁶⁰ In Appendix 5 the interaction between the format, the facilitator and the participants is described, in the context of one of the seminars.

Ideas shaping improvised process interventions

Although the careful preparations of the process, the facilitators (and also the participants) were often forced to leave the comfort zone established by the preparations and “think on their feet”, in order to form different actions that energized the process. Were there certain ideas from which these choices of intervention were made? Perhaps they could even be considered part of a view on management, established and shared in the participating organizations? The available empirical material does not give any immediate and direct insights into the prevailing views in these matters. However, assuming that such ideas existed, they should nevertheless be possible to recognize in the seminars, as related to the different types of interventions created to move the process forward. Given a choice, would the facilitators and participants prefer one type of interventions over other alternatives? This requires examining the documentation, meandering between provocations, questions, and suggestions, and look for common “ways of thinking” that seemed to reflect a perspective giving norms for selecting actions.¹⁶¹ The following discussion is based on such a reading of the material. I will also refer to theoretical sources, in an effort to further qualify the observation.

¹⁶¹ In appendix 5, a more detailed example of one of the case discussions (case 6) is presented. In the material, besides the interventions designed as part of the general format or the process applied, the following interventions into the process can be observed as examples of the “thinking on their feet” on behalf of the facilitators:

- Listening for and encouraging the presentation and discussion of experiences among the participants, relevant to the problem. The input was not prepared, but emerged during the discussion, often on the initiative of the participants. Instead of viewing them as time-consuming detours from the main discussion, they were viewed as valuable experiences (and enlightening anecdotes).
- Introducing concepts to use in understanding the problem. Part of the discussion convened under common themes. By giving a name to the theme (in *case 6* “delivery system”), it opened up for a theoretical discussion, shared by many of the participants as well as the facilitator, but also allowed distancing the discussion from the particularities just introduced.

Continued on next page

Defend multidimensionality – at the expense of consistency
Efforts to make an issue more complicated and introduce new dimensions were not always appreciated.¹⁶² When the participants nevertheless did this, one interpretation is that they considered a multidimensional perspective to add value to the problem solving. If so, the problem had to be defended from simplifications and “quick fixes”.

Among the cases several examples can be found. In *case 1*, the problem was to obtain input from local markets into a Group-wide application sharing system. This was met with little enthusiasm from the divisions and local companies. The suggested approach to solve the problem was – contrary to making systems design decisions – to find a process for connecting people on a business level and involving them in joint analysis and discussion of the value created by this system. They were asked to add new dimensions and perspectives, increasing rather than diminishing the width and depth of the project, and eventually changing the premises for the system. This contributed to increasing the complexity in the project, rather than – as perhaps expected from a proper solution – reducing it. *Case 2*, dealing with reassessing the strategy of a manufacturing unit, raised the question of how to take a “jump” on the learning curve in terms of being able to rapidly introduce more customization in the products. Here a structure to bring together different interests in the sales processes, as well as the product development processes, became part of the solution. The group formed an extended group of stakeholders that the manufacturing unit had to relate to,

¹⁶¹ • Initiate a joint development of a model incorporating this new language, and documenting the “model”. Listening to the discussion – now on a more general level – the facilitator summarized the flow of ideas and comments on the whiteboard, together with the participants co-creating a view of the interaction between the company and its customers.

¹⁶² In particular not at the beginning of the seminars, when all participants were eager to find a solution as quickly as possible.

reflecting interests, demands, and expectations far beyond the unit's own interests. Again, the selected approach increased complexity rather than reducing it.

Another case (*case 5*), concerning ownership of internal resources (in this case management talent), required developing new guidelines, policies, and procedures in different areas (such as policies on management development, incentive schemes and expatriate policies) as part of the solution. The possibility to build long-term loyalty among key management resources was seen as dependent on the ability to obtain full leverage of the multicultural and multi-business Group organization. Considering that the possibility to create loyalty to only one part of the organization was perceived as limited, in the long run, responsibility in this case was given to the Group Staffs, representing more than one business division. Consequently, the divisions were supported in dealing with the problem, but in the chosen approach lost some of their independence. Besides focusing on their own needs, they now sometimes had to participate in solutions representing a wider range of priorities.

In *case 6* the problem was re-formulated as "how to develop a structure supporting a Key Account system." In the reformulation process an assumption was made that the solution would require establishment of task forces etc., as well as new structures such as a pricing strategy spanning different business lines etc. Again, the solution had to take into consideration a more complex setup of stakeholders.

All these problems could have been solved (as it was perhaps assumed when they first were formulated) by Group Management, making a number of crucial decisions such as demanding compulsory use of a system, issuing group wide directives or establishing a single point of responsibility in the organization for Key Accounts. However, instead they were made more complex and different perspectives were invited. Albeit openly advocating

“simple and hands-on” solutions, the expected response when not knowing what to do and how to proceed, was to “dig deeper”. Essentially, the encouragement of discussions, arguments and debates in order to establish a solution, showed a strong interest to – within an established framework or structure – constantly re-invent the multi-dimensionality. Such an approach is however not without risks. One is the perception that management is inconsistent and is violating the common sense approach of “not changing a winning team”: it worked last time, why complicate it now? Secondly, the act of problematizing and adding new perspectives can consume a lot of energy, and one of the major criticisms in particular against complex structures is that they can direct energy inwards and consume it for seemingly less important purposes.¹⁶³

The conclusion from the cases is that the successful problem solving relied on a management prepared to defend multidimensionality. A management prepared to expand problems and add new perspectives, can perhaps be seen to imply a management that believes in intervening and managing problems from their contextual and situational relationships. This can include allowing for dimensions to appear even if they – for the time being – cannot be contained inside the structure.

In theory, multidimensional structures (the matrix being one example) can be seen as designed to defend a multitude (or at least a number of predefined) of perspectives, hence making management’s passion to defending said multidimensionality less crucial. In a matrix, non-hierarchical relationships are encouraged; one single perspective is not allowed to be the dominating one. However, this is sometimes confused with an equilibrium structure, always struggling to find a balancing point, where all dimensions intersect with each other in harmony. A focus on

¹⁶³ See for example Kramer, 1994.

positions of equilibrium can sometimes result in a situation where no decisions are made.¹⁶⁴

From the equilibrium view also follows that the act of balancing different interests can be considered a major managerial task. The problem solving process in the cases in this investigation revealed something different. Albeit recognising the need for viewing each decision in its own context and embracing additional perspectives as crucial, this was not primarily done in order to find a well-balanced equilibrium between different interests. Instead, when managers and leaders were actively inviting multidimensionality into their problem solving, they were not looking for consensus but for workable solutions. These solutions were often based on an informed and active choice of one of the available perspectives.¹⁶⁵

This contextual quality of decisions means that stakeholders in the decision must understand that the next decision in a similar situation does not to automatically reflect the same choice; it can transpire to be very different. In general, this may be difficult to accept. Just as much as equilibrium is hailed as a desired state, consistency is considered a hallmark of good leadership.¹⁶⁶ Viewing each problem as “fresh” and not being bound by

¹⁶⁴Fehrman, 1974, in his book *Diktaren och de skapande ögonblicken* shows the importance of “creative imbalance” to the creative act. In a series of essays he traces those moments when great pieces of art were conceived, and the “unbalanced” and often conflicting state of mind from whence they came.

¹⁶⁵Lorange, 1978, is – from a corporate planning perspective – observing that a planning process in a multidimensional (e.g. matrix) structure requires changing perspective during the duration of the process. Differentiating between an adaptive dimension and an integrative dimension, the former will be paramount in the stages of objective-setting etc., while the latter will dominate the actual budgeting. Rarely during the process will the two dimensions (the forward-looking adaptive orientation and the efficiency-oriented integrative orientation) be in balance: and this is also not a priority, since it may severely slow the process down.

¹⁶⁶This point has been made in consulting jargon as “to walk the talk”. From a neo-institutional perspective, Meyer and Rowan, 1977, however question this. The disconnect or de-coupling between what an organization says and what it does, is considered as a fundamental element for survival in some organizations.

previous decisions in similar situations can be seen as violating this basic idea of good leadership, and management will risk being perceived as inconsistent.¹⁶⁷ In the problem solving in the seminars – and in particular when in unknown terrain – striving for balanced positions did not seem to be normative. Neither were similar solutions always applied to problems perceived as being similar. However, this does not suggest that the managerial behaviour became inconsistent. In the cases presented, consistency was represented by the desire to – up to a point – defend multidimensionality. And then make a decision.

Challenge the silos and encourage cross-organizational learning

The ability to embrace complexity and not look for simplifications, may often challenge the organizational structure, which frequently is geared towards solving similar problems in a similar way. We tend to think inside organizational “silos”. Thinking outside the silos can be seen as contributing to conflicts and inefficiencies, but conversely it also produces enhanced opportunities for learning, through exchange and sharing, created by acknowledging the complexity. In the discussions of possible solutions to the problems in the cases, these opportunities were sometimes embraced and integrated into the solutions. For example, different approaches were suggested that aimed at acquiring access to knowledge and experience and hence make better use of the consolidated knowledge of the Group when solving local problems.

¹⁶⁷ A very successful American CEO, Jack Welch of General Electric, is described in Martin, 2007:19, in the following way: “[...] Welch is an exemplary integrative thinker, secure enough to encounter changing circumstances without an inflexible ideology and adaptable enough to change his approach when presented with new data, however. But what Jack Welch did would invite confusion and incoherence, since he pursued diametrically opposed courses at different point in his career.”

One example is *case 2*, where the original issue was the conflict between one manufacturing unit's need for standardization and the local sales organization's need for customized products. The problem was – after discussions – defined as a need for a clearer strategy and direction from sales to manufacturing and the recommendation from the seminar was to establish processes for collecting and sharing the consolidated knowledge on non-standard product designs. In the discussion, one manager, referring to the conflicts between manufacturing and sales, made a comment: “we had the same experience when we started producing a new line in Europe. We just did not work as a Group!” This quotation indicates that the problem (as well as the possible solutions) probably was well known to the organization. However, solving it required involvement and willingness from many stakeholders to engage in finding solutions, beyond the more narrow perspectives previously used.

Solving *case 6*, where a Key Account Management system had to be developed and introduced, included creating a global task force in order to define the concept of a “Key Account”. The task force should reflect experiences from different divisions and sales contexts. In addition, it was recommended that Key Accounts should be identified in the current customer base. The discussions on implementing this kind of system involved a significant display of power as well as behaviour related to exercising control. Questions about who “owns” a customer or where profits should be accounted for were raised. There were also moments of self-reflection: do we really have the scale of operations needed to serve global customers? Again, the opportunity to address and learn more about fundamental questions concerning the Group and its activities, seems to inject energy into the process of finding a solution. The critical element in this case was to acknowledge the need for a shared exploration of the concept “Key Accounts”.

In *case 11*, where the European organization (the divisional

level) wanted to extend their business into a new and, partially very different business, concerns were raised that a lot of managerial energy (and probably also financial resources) would be consumed in trying to fit the solution into the existing structure. However, the more fundamental questions, recognized in the process, touched upon issues related to where in the organization decisions such as this should be made, and the need for Group control versus local entrepreneurial initiatives. Without finding a workable role-play between Group level and divisional level – and subsequently an open and trusting process of sharing information – the business development activity would be in danger. This would mean that the Group was less likely to make necessary investments and the European division was consequently reinforced in their belief that the Group was trying to “put the same shoe on everyone”.¹⁶⁸ Through introducing new arenas for sharing (in particular arenas going across and beyond the current organizational borders), the work on finding solutions could move forward. *Case 2*, *case 6* and *case 11* are examples of how additional structural solutions (such as work groups or task forces) were introduced, but also on giving strong incentives for sharing experiences around the problem as well as jointly exploring the opportunities and risks.

This was obvious in *case 4*, where one of the sales companies – for the first time in the history of the Group – decided to use a different marketing technique and go directly to the end users. In this case, the need for reconciling a local need for adaption and invention and a need for control and risk management at the Group level was important. By applying a cross-organizational approach, previously used in product and process development, on the new marketing strategy, it would be monitored by the Group, while at the same time relying on local resources for

¹⁶⁸ Quote from the discussions in case 11.

implementation. The Group level would also assume some of the risk associated, in order to ensure the long term sustainability, also a normal procedure in product development work. In return, methods for disseminating the experiences and ways for sharing the knowledge gained across the Group, was part of the local responsibility. In summary, in this case a new – but at the same time from other contexts well-known – approach was used to take the project further.

If a clear understanding of the overall strategic framework is lacking, developing new business ventures can dilute focus. During the discussion of *case 4* one participant remarked: “it is important to understand the potential damage that can be caused by doing things differently”. The discussion between the participants made it obvious that different markets served by the company, had a different pace and different levels of maturity. What was considered as a natural extension of the business in one market could create complications in other, less developed markets. This was one of the concerns when discussing solutions; i.e. how to handle the potential risk of different stakeholders feeling threatened by the action, and leading to customers becoming upset, and distributors and suppliers reacting negatively. The consequences of these potential downsides had to be shared between the local organization and the Group level.

Setting up task forces, work groups, committees or councils (or other formats), as in several of the cases above, is a common response in order to address difficult problems. Most likely some will fail and others will be successful. This was not unknown to the managers proposing the setup. Nevertheless, when suggesting structural solutions that in different ways went outside, beyond, or complemented the established organizational structure, the management most likely had a strong belief in the benefits of such solutions.

Task forces, working groups or any of the other structural

solutions facilitating sharing and dialogue that were recommended during the seminars can also be understood in the context of the earlier mentioned objectives with initiating the seminars. Further, it is likely that the actual experience of participating in this problem solving process, inspired solutions to other similar processes; or in other words, there was most likely a bias during the seminars towards suggesting organizational constructions based on dialogue.

In the seminars, there was apparently a strong “normative perspective” to – whenever the planned interventions were not applicable – choose a route built on maintaining the dialogue until other viable options emerged and a solution was in sight. This led to solutions establishing various collaborative structures and processes, geared towards learning and sharing.¹⁶⁹

Communicate, but mind the language

The external impact of customers and competitors and internal development initiatives may force an organization to reconsider “what we do”. It can be a matter of defining and re-defining customers and suppliers, or where the organization starts and ends (i.e. its borders: legal, communicative, or operational).¹⁷⁰ As soon as the organization approaches the borders of its present business

¹⁶⁹ This perspective on problem solving was obviously also used in a normative manner when deciding on the design of the seminars.

¹⁷⁰ For example, the operational strategies of outsourcing or insourcing, change the perception of “employees”, with both legal, organizational, and operational consequences. When customers are invited to participate early in the product development process, are they then to be considered as part of the R&D-function? When trade union controlled funds become major owners in companies where their members are employed, how will this impact their role in e.g. labor relation issues? When insurance companies for a fee assumes some of the operational risk related to, for example, product liability or independent service providers take care of after sale service – how far does the corporate responsibility towards the customer extend? There are other examples, and for a more lengthy discussion on the “convergence of stakeholders”, see Agurén, 2001.

– as in some of the case discussions – it will also be testing the language and words describing its identity. If the organization is unclear about the meaning of key words in describing itself, that boundary may be crossed without noticing (or understood only in hindsight). In order to communicate efficiently and not the least of which when articulating the need for (or reason for resisting) change, a shared language is important. What is probably needed is a language with a diagnostic quality, meaning that it can be used for gauging the present state, the direction of change, and the understanding of the future situation.¹⁷¹

Some of the case discussions in particular emphasized the importance of articulating the difference between the current state and the future. In *case 6*, where the initial discussion on introducing a Key Account system may be perceived as an incremental change in conducting the business, it will, in the long term, substantially change the relationships between different parts of the internal and external environment. Using the prevailing language for describing where the company has been, where it is today, and where it will go in the future, may not provide a basis for a good understanding of the future business setup. It will require some changes and/or additions in the language used for this to be fully understood and implemented. In this case as well as in the discussion of how to find a system for application sharing (*case 1*), discussions focused very much on finding definitions to words that on the surface seemed to be well-known to all, such as for example “customer”.¹⁷² As several of the other cases

¹⁷¹ The term “diagnostic language” has been used by Lindh, 2000, and refers to a language enabling both understanding and finding direction.

¹⁷² The interpretations suggested during the discussion in the seminar of *Case 6* varied: you are considered a customer when you buy from us for the second time, or you become a customer as soon as the invoice is paid, or we consider everyone that have submitted information such as name, address, phone number to us as a customer. It also became obvious that the perception of “customer” was very different in different parts of the organization.

indicated, the need for actively discussing the language seems to become particularly important in cases of “strategic re-orientation”, as for example in *case 11* and *case 13* (both related to business development on a regional basis).¹⁷³

The financial control and accounting system often provided the most commonly shared definitions on key concepts such as products, systems etc. Sometimes it was seen as partly causing the problem (see *case 9*) or became a part of the solution and a powerful facilitator for implementing change (as in *case 11*). In *case 9*, where the issue was to expand in a specific country, the strategy agenda as well as the means for measuring success was formulated by the European division. This resulted in a misalignment between the local conditions under which the company operated, and how it – and its management – was evaluated and rewarded. Under the existing control and follow up system, local management has been reluctant to try a more locally adapted strategy. In *case 11*, the issue was how to develop a new and different business, while still not jeopardizing internal and external synergies in the Group. Similar to other cases, also in this case changes were deemed necessary in the financial performance measurements, which, when in place, would enhance the interest in the individual units to actively participate in the development.

One of the primary functions of financial control and accounting systems is to serve as diagnostic tools. In this function, it is a

¹⁷³ In one of the companies providing cases for this study the development of their market (combined with internal strategic initiatives) dramatically changed, over time, the perception of “who we are” and “what we do”. The company’s service division (working not only with the company’s own product range, but also servicing the competitor’s products) outgrew the manufacturing division, and became the new “core business” in the company. Following this change (which took less than three years) for example “billable hours” became more important to monitor than “produced units”, and “response time” was a more accurate key indicator than “level of finished goods inventory”. To some this was obvious already early in the development, to others it was somewhat of a surprise when they realized the changed circumstance. Well-known words and concepts, used in budgets and plans and reports and discussions, had to be viewed and evaluated in a different way, and their significance as leading indicators changed.

powerful frame for expressing the understanding of the present state, the direction of change, and the understanding of the future situation. Ahrens and Chapman note this important interaction between accounting and the process of experiencing the social realm. They write: “[...] the social, or the environment, as it were, passes through accounting. Conversely, accounting ramifies, extends and shapes the social.”¹⁷⁴

Another common use of the accounting system is as a platform for developing incentive schemes. These systems – if properly constructed – are assumed to have a strong impact on guiding behaviour and thinking in an organization.¹⁷⁵ Even if in some of the cases, the necessity of changing the accounting system and/or the incentive schemes was made part of the solution, it was rarely just a technical change: its purpose was to promote thinking in another way. In *case 5*, where the issue was how to leverage the full potential of being a Group in attracting and retaining management talent, new incentive systems were asked for. The purpose was to instill in the subsidiary management teams an understanding that for the benefit of the Group, they had to discharge some of their high potential managers, even if

¹⁷⁴ Ahrens and Chapman, 2005:1, quoting from Burchell, Clubb and Hopwood, 1985. This emphasizes the element of creation in accounting, while at the same time attributing a “time dimension” to it, in the sense that accounting makes sense of the past and the present as well as being used for “the deliberation of future alternatives.” It also underlines the element of choice in accounting; that it makes visible what has been deemed organizationally significant by the organizational participants. This allows accounting to serve as a “code scheme”, organizing the perception of the members in the organization. It is a powerful “gatekeeper” in terms of not accepting new dimensions or perspectives to be introduced “lightheartedly” or un-noticed into the organization. One example of the power of such a scheme is Microsoft. Since the mid-1980s, when Microsoft took over the position as the leading operative system in personal computers, and all but destroyed the competitors, Microsoft Office (Word, Excel or Powerpoint) has been one of the most influential elements in framing our thinking. It is really, really difficult to write a document or draw a presentation in a way different to what the software designers have decided and made available to the users through icons, scroll lists, menus etc. integrated in the software applications; try to give a document in Microsoft Word a filename including / \ : * ? “ > < !.

¹⁷⁵ Milkovich and Newman, 2002, Lawler, 1998.

this would in the short term potentially harm their bottom line (and hence their bonus). *Case 10* addressed growth related to forward integration on a global scale. The solutions required adjusting the prevailing language in terms of concepts used in business plans, measurements, and key performance indicators in the accounting system etc. The need to find new definitions for already well known concepts was articulated in *case 1* (related to an application sharing system) and *case 6* (related to Key Account Management). Here the solutions would eventually lead to changes in the accounting systems and its abilities to measure and provide key ratios. In *case 13*, initially seen as managing a consolidation following a turn-around in a particular geographic region, the discussion led to a larger issue: the need for articulating the Group strategy for the region in a relevant way. Again, this involved questioning what should be considered as core business activities and whether development away from the core should be a local or global initiative. How could the present planning and follow up systems accommodate this change and make it possible to follow, measure, and learn from the implementation?

Selecting a proper language is a process of active choice, regardless of whether it concerns accounting concepts or the wording of the vision and the mission of the company. It is not unlike a researcher deciding on his or her theoretical framework and what language to use, well aware that this will have an impact on what he or she finds. All languages are not equally useful, and the selection of language has to be related to its purpose.¹⁷⁶

The choice of language provides a powerful possibility to intervene in the way problems will be perceived, discussed, and their solutions measured and rewarded. Hence, developing an efficient and diagnostic language to use in understanding past, present, and future is a crucial managerial task. The ambition

¹⁷⁶ Lindh, 2000:298.

and basic idea in the seminars to strive for communication using a carefully selected language reflects an awareness of the necessity to talk in an organization – not only act.

Capabilities: formed by interventions

The various forms of interventions described partly reveal the *modus operandi* in the discussions. In essence, the interventions encouraged a search for an accurate framework for solving the multidimensional issues discussed. This should not be confused with actually solving the problems. The solutions were dependent on the available competences such as knowledge, experience, skills, etc. among the participants in the seminar. In linking the managerial actions – the interventions – to the reframing and eventual establishment of a solution, the capabilities are an essential intermediary.

In the presented theoretical framework (chapter 2) I introduced a view of the difference between competence and capability, where the latter was seen as the action dimension of the former. However, how to identify the emerging capabilities in the seminars is not obvious. One approach is to start by studying the competences in the group of managers, and later try to identify how these competences were turned into actions, i.e. became capabilities. This would require access to information about the competence profile of each of the individuals. Such profiles could be obtained in different ways, including using tests. However, related to the empirical material, no such information is – or can be made – available. An alternative approach is to find and use established models of capability formation in situations similar to the problem solving in these cases. This is the route taken in this investigation, and I have already discussed integrative thinking and its capabilities. These capabilities include being able to

differentiate between important and unimportant, acting both in sequence and iteratively, and being able to deal with organizational tension.¹⁷⁷ In discussing integrative thinking it seems to be implied that the ultimate objective is to have or develop an ability to balance and reconcile different interests and perspectives.¹⁷⁸ The empirical material in my investigation does not substantiate this as necessary to the process. However, and considering this difference in the basic premise, I will venture to see integrative thinking capabilities as an important contribution to the understanding of the capabilities formed and used in the problem solving processes I study.

A similar example, discussed a few years earlier than the introduction of integrative thinking by different writers, is the notion of Barham and Berthoin of the managerial capability of dealing with “cognitive complexity”. They define it as “the ability to see several dimensions in a situation rather than only one and to identify relationships and patterns between different dimensions.”¹⁷⁹

Nye, from a perspective of political science, suggests that a crucial capability for managing complex situations requiring firm decision making (which is significant for the situations and political leaders he discusses in his book) is to have “contextual intelligence”.¹⁸⁰

Contextual intelligence is dependent on the ability to understand the evolving environment (including its stakeholders). Combined with the ability to “select your weapon of choice” to

¹⁷⁷ Austen, 2002.

¹⁷⁸ See also Colby, Ehrlich, Sullivan and Dolle, 2011, Martin and Austen, 1999.

¹⁷⁹ Barham and Bertoin, 1994:235. Referring to work by Streufert and Nogami, 1989, they continue to elaborate on the behaviour of “cognitively complex people” and write that psychological studies show that those individuals “tend to search for diverse (not only confirmatory) information and are more sensitive to and more able to utilize minimal cues.”

¹⁸⁰ Nye, 2008, referring to research by Mayo and Nohria, 2005.

get to the desired state, this forms an important capability for problem solving.

More specifically, contextual intelligence is an intuitive diagnostic skill that helps a leader to align tactics with objectives to create smart strategies in varying situations. Others have called it judgment or wisdom [...]

It involves that broad political skill of not only sizing up group politics, but of understanding the positions and strengths of various stakeholders so as to decide when and how to use transactional and inspirational skills.¹⁸¹

Contributions derived from writings on integrative thinking, management of cognitive complexity, and contextual intelligence suggest a framework for discussing the capabilities formed by the interventions in the seminars. The participants in the seminar were trained both inside and outside the organization in disciplines such as marketing, accounting, or technology, sometimes on a very advanced level.¹⁸² In addition (and as discussed in the writings on integrative thinking and contextual intelligence), a manager however must be capable to migrate the analysis made using those skills into new contexts or problems. He or she must also be able to reflect on the potential impact this migration and possible solutions will have on the context, i.e. acting in a “responsible” way. Related to the seminars, I will venture to suggest this as a capability for sharing experiences and engaging in constructive dialogue, partly formed by initiatives based on trying to “go beyond the structure”.

Most of the participants in the seminars were quite willing

¹⁸¹ Nye, 2008:88.

¹⁸² Colby, Ehrlich, Sullivan and Dolle, 2011, refers to this as “technical skills”.

to engage themselves in constructive discussions. However, the open and trusting experience of sharing is always under a threat: the conventional wisdom is that complexity and uncertainty is something negative, and hence a discussion leading to a more complex understanding of the problem, is publicly or privately censored.¹⁸³ In a group of managers, all trained in effective decision making, the idea of adding yet another perspective to the issue may seem dysfunctional and more of a disturbance than a help. To defend this multidimensionality different forms of interventions in the seminars have already been discussed. However, the capability this will have to form – also mentioned as significant for integrative thinkers – is to be able to “embrace complexity”¹⁸⁴ or, to put it in other words, to accept ambiguity and uncertainty; intellectually and emotionally.

A dialogue-oriented work mode and a high acceptance of living with uncertainty could foster an organization marked by procrastination.¹⁸⁵ An open, listening, and fair leadership style does not always provide a solution to this.¹⁸⁶ Leaders must also be able to make decisions and implement them using well known devices such as “reward, punishment and self-interest.”¹⁸⁷ In the problem solving seminars, once the solution was established it became a matter of implementation, often using the existing organization and forum for decision making.

Another crucial capability seems to being able to understand when to move from one leadership style to another, i.e. from a “soft style” focusing on changing perceptions to a “hard” style,

¹⁸³ Martin and Austin, 1999.

¹⁸⁴ Ibid.

¹⁸⁵ Nye, 2008:42, is quoting the CEO of General Electric, Jeff Immelt: “When you run General Electric, there are 7 to 12 times a year when you have to say, ‘you’re doing it my way’. If you do it 18 times, the good people will leave. If you do it 3 times, the company falls apart.”

¹⁸⁶ Ibid.: 120.

¹⁸⁷ Ibid.: 62.

dealing with negotiating implementation. It also requires being able to view every context as “new” and asked to be understood on its own merits, not necessarily as a repetition of previous situations. Running the risk of being seen as less predictable (or trustworthy) the leader must put context before consistency, and still be true to the basic values and beliefs. As Nye emphasizes in the discussion on contextual intelligence, this requires a leader that is able to “read” and understand the environment, not the least of which the external context surrounding the organization. This means performing cognitive analysis, using tacit experiences and applying sensitivity to the needs of others.¹⁸⁸

Concluding this discussion, where the empirical material has been used as a reference and as “sounding board”, I suggest that integrative thinking (the ability to simultaneously work with different ideas) and contextual intelligence (the ability to make informed choices between different contexts and act accordingly), give valuable references to the capabilities that emerged in the seminars, in order to facilitate reframing (and subsequently solving of the problem).

Discussion of managerial reframing in the problem solving seminars

In the theoretical framework reframing was presented and seen as a leadership process, involving interpretation, translation, and action to establish a new vantage point from which new questions were asked and new alternatives for action made available. For the purpose of the analysis, I will in this section deepen the discussion of reframing and in particular explore its “dual nature”: both a gradual process and a sudden discovery. I will also relate

¹⁸⁸ This discussion is reflecting views introduced in e.g. Nye, 2008.

this leadership process to a discussion on how to “bring forth” a new context. Compared to the initial discussion on the subject, a more faceted understanding of the idea of reframing is needed in order to find direction for the analysis of the empirical material. In the following I will venture to provide this. I will however maintain the managerial dimension of reframing; it is seen as an act imposed on the individuals with an intent and purpose.¹⁸⁹

Reframing, as it is described above as a leadership process involving interpretation, translation and action, can be considered a learning process. Brandi and Elkjaer note that:

[...] learning itself is the discovery of what is to be done, when and how to do what according to the specific organizational routines, as well as which specific artifacts to use where and how. Learning also involves being able to give a reasonable account of why things are done [...]¹⁹⁰

Finding answers to questions of what, when, how, and why in compliance with the organizational routine leaves the realm of opinion and gradually forms a shared social reality.¹⁹¹ Once this reality is learnt and understood, we can start acting inside this and its “mental map”; which obviously is the purpose. The gradual construction of the mental maps can in the short term be difficult to observe, but can in the long term lead to a complete new perception of a situation, a deeper understanding, and a new organizational space for learning and problem solving. Corley argue that this “subtle learning” is a reason why organizations seem to be able to “change without changing”.¹⁹² This notion would however

¹⁸⁹ See chapter 2, in particular the discussion on differences between reframing and sensemaking.

¹⁹⁰ Brandi and Elkjaer, 2011:29.

¹⁹¹ Plaskoff, 2011, Child and Rodrigues, 2011, Colby, Ehrlich, Sullivan and Dolle, 2011.

¹⁹² Colby, Ehrlich, Sullivan and Dolle, 2011:358.

also indicate that the reframing of an issue would be a slow and gradual process. It seems like, when we meet an essentially “new” situation, the learning required takes stamina and endurance, and the ability to prevail for a long time in a context of ambiguity and uncertainty.¹⁹³

However, contrary to the notion just presented, we have all experienced the sudden insight or the turning point from where we see the thing completely differently. How can this experience be reconciled with viewing reframing as a gradual learning process?

The French philosopher Paul Ricoeur discusses a process aimed at “bringing forth” a world that reflects a new and sometimes confusing surrounding context. This “mimesis-process” consists of three phases: *prefiguration* – *configuration* – *refiguration*. The first (prefiguration) phase is related to our ability to perceive and understand the context of different texts surrounding us.¹⁹⁴ The second phase is related to our ability to rearrange disparate pieces of reality into a meaningful whole. Finally re-construction indicates the ability to fixate this new meaning in a new text. In discussing the process, Ricoeur proposes that configuration of reality (the second step in the process) is only possibly if approached as a *creative act* and by using *imagination*.¹⁹⁵ As part of establishing a deeper understanding of the process of reframing as it unfolded in the seminars, this is a very important observation.

¹⁹³ This is why it is essential to understand the nature of the problem; many problems are effectively solved inside the available and well-used frame and do not need reframing. Initiating a reframing process would even be detrimental to the ability to find a solution to those problems, see Johansen, 2005.

¹⁹⁴ With “text” Ricoeur, 1991:106, refers to “any discourse fixed in writing.” However, a text is not necessarily preceded by speech, instead “a text is really a text only when it is not restricted to transcribing an anterior speech, [but instead] inscribes directly in written letters what the discourse means.”

¹⁹⁵ Ricoeur refer to this as the “hermeneutic imagination”, which provides essential contributions to “reformulating the problem of reality”, and in doing so emphasizes its character of a creative process, see Kristensson Uggla, 1999:417.

Our creative imagination is always in flux between different images; however, this continued movement is never at random, but rather controlled by i.e. the language through narratives and metaphors.¹⁹⁶ In particular, the imagination moves between its function to create order and stabilize reality, and its function to criticize and destabilize reality. This opens the circular learning pattern into a spiral, allowing for finding not only many different but also better constructions of reality, already indicated as significant to the reframing leadership process.¹⁹⁷ The gradual learning, helped by our creative imagination, sometimes directs us to a point where we all of a sudden “see” (which in some languages is used as a synonym to “understand”). This moment is often remembered as “significant”.¹⁹⁸

In the crime novel *The Murder of Roger Ackroyd* the author Agatha Christie constructs such an unexpected and sudden change of vantage point.¹⁹⁹ It turns out that the book’s narrator, Dr. Sheppard, who has been the author’s voice in the book, is the person responsible for the killing of Roger Ackroyd. All the way to the last few pages of the book, we assume that the doctor is giving an accurate account of what happened, and we assume him to – together with the reader, i. e. us – eventually expose the murderer. When the insight reaches us, that the good doctor isn’t the hero but rather the villain of the story, all facts, events, shared discoveries, and judgments given on the previous pages

¹⁹⁶ Ibid.: 355.

¹⁹⁷ As mentioned, Normann, 2001, is referring to the leadership process as an act of learning or construction, and one possible extension of this investigation would be to further and in some detail introduce the element of learning into the analysis. In particular, the concepts developed by Argyris and Schön, 1978, would be relevant, since they are often referred to by Normann and obviously had an impact on his thinking. However, I refrain from doing this, and am content to indicate this as a possible direction for further explorations of reframing.

¹⁹⁸ Fairhurst, 2005:167, refers to a concept used by Hoskin, 2004, *kairos*. This is defined as a “significant moment of crystallization, turning point, or things coming together”.

¹⁹⁹ Christie, 1926. Agatha Christie was criticized for breaking one of the (un)written laws of crime fiction, “you shall not con your reader”. The Association of British Crime Writers were very upset – and the readers loved it, see Bayard, 2001:11-12.

have to be reconsidered and understood in a different way. Now we have to view them as a criminal's efforts to hide his crime, and not as statements recorded to unveil the truth.²⁰⁰

The Murder of Roger Ackroyd is an example of a sudden realization or a sudden discovery that appears unexpectedly, and dramatically changes our understanding of the past and the present.²⁰¹ It establishes a timeline – before and after – and the difference between the two is the sudden change in vantage point. In works of fiction (like novels or dramas) this moment has been given a name: *peripety*. The peripety represents a turning point where the world “changes Gestalt”, a movement from one point to its opposite or change of direction.²⁰²

Peripety is the observable expression of *anagnorisis*, the sudden realization of “the truth” that turns our world upside down or sheds a new light on what we see, in particular the true character of people and situations.²⁰³ From now on, the story will develop in another direction. It can lead to disaster but also to consciousness and insights.²⁰⁴ Introducing peripety and anagnorisis into the discussion of reframing elevate the experience that reframing not only is a gradual and slow process, but can be rather sudden and dramatic. From an analytical perspective, it also indicates a possible route when approaching the empirical material in this investigation.²⁰⁵

²⁰⁰ Bayard, 2001, claims, based on the evidence in the book, that the doctor in fact could not be the killer; someone else put the dagger into poor Roger Ackroyd. Agatha Christie got it all wrong.

²⁰¹ Watzlawick, Weakland and Fisch, 1974:93, take telling a joke as an example, where a discovery or sudden insight “unexpectedly gives the whole story a funny slant.”

²⁰² Quote from Rystedt, 1995:112. See also Sjöberg, 2005:67, Ödeén, 1988:151. An often referred example is when Oedipus in *Oedipus Rex* by Sofokles discovers that the man who slaughtered his father, is Oedipus himself.

²⁰³ Ödeén, 1988:157-158.

²⁰⁴ *Ibid.*: 158.

²⁰⁵ The relationship between problem solving and peripety is discussed by Asplund, 2001.

Recognizing that an element of resolution is needed in a problem solving process, he also notes that not every process needs a peripety. This is in line with the reasoning in this investigation; peripety is an element in particular related to reframing.

Regardless of whether reframing is gradual or sudden, it is difficult to study on an *individual* level in the empirical material. However, the material lends itself to studies of the *management team's* struggle to establish a new position from which the problem could be viewed.

The previous discussion gives some directions for the analysis of the act of reframing in the empirical material. It suggests that identifying situations of reframing could mean looking for examples of the aforementioned peripety where new foci are introduced, perspectives changed and attention is diverted in new directions. This process typically took place early in the workshops, and is illustrated by the transition from the “original problem” to the “rephrased problem”. Following this route, I will examine the reframing process as it appears in two of the cases, trying to apply the sequence of interpretation/prefiguration, reformulation/configuration and finally translation/refiguration. Although focus will be on two cases, the reframing of the problem was of significant importance in all cases. In Appendix 4, giving an overview of all 14 cases, both the original as well as the “re-formulated” problem definition is indicated. The reframing is illustrated in the movement from the first to the second definition.

As mentioned, reframing seen as part of leadership will aim at bringing forth a “new reality” or – using less dramatic words – to “direct attention in a new way” and “induce people to see the world differently”.²⁰⁶ The two cases in the next section illustrating reframing also provide examples of the direction of this activity. The first case initially considered that the proper way of responding to a demanding environment was to operate with high flexibility. In the seminar, the problem was reframed into meeting these demands by – in a reflective way – reexamining

²⁰⁶ All three citations are from Normann, 2001.

the roles and responsibilities. In the second case the direction of reframing was from developing variations of the established distribution model locally into an experimental testing and assessment of the viability of the chosen corporate strategy. I will start with the issue of gaining and maintaining a high flexibility in order to remain internally competitive.

From flexibility toward reflexivity

In *case 7*, the original problem was presented as “*how to build critical mass in a manufacturing unit serving more than one division?*” To understand this case and its causes, the history of the manufacturing unit is important. It came into the Group through an acquisition in a period where the parent company acted as an institutional investor, with little ambition to integrate the acquired units into the organization. The root of the present problems originated in a change in this attitude, following the establishment of a divisional organization at the Group level, whereby this particular unit was virtually (and later on also in real life) divided between the different divisions. With each division taking control of their own parts of the unit (and with the different divisions over time developing in different directions in terms of strategy and financial strengths), the units’ local management is facing the challenge of keeping it together in terms of maintaining resources, exploiting synergies, and allocating resources between its major stakeholders, i.e. the divisions. Short term this is becoming a question of scale; hence the perceived problem “how to build a critical mass.”

Summary of notes from discussion in case 7

In order to understand the issue, the management group began with asking the unit's management a number of questions.²⁰⁷ At the core of the discussion was how far in the value added chain the manufacturing unit's responsibility stretched and where the divisions' (sales organizations') responsibility started. Were the divisions supposed to act as systems integrators toward the end users? Is the manufacturing unit essentially a product manufacturer or should the unit – having the product know-how – supply complete systems? And in terms of consistency between the different divisions: should they view this in a similar way or could they apply different strategies? The gradually rephrased questions (and the way they were answered) started to reorganize the information into a different pattern. In doing so, the issue was moving from being an internal allocation problem to something related to end-user needs and requirements. Later in the discussion more pieces of the picture fell into place, as is illustrated in this key sequence where the participants started to ask questions into the history of the unit and the foundations for previous successes. What has changed in the current setup?

Question: "What was the key success factors behind the previous growth [...] because the unit did grow in a healthy way?"

²⁰⁷ This seminar has already been presented in the format of a short case in e.g. chapter 3. In the present context, the summary of the notes constitutes a more detailed account, written with a purpose to highlight the reframing of the problem in the seminar. Again, this account (as well as the summary of notes from case 4) should not be confused with the documentation from the seminars.

Answer: "There is a simple answer to that – we had a sales force dealing directly with end-users [...] In other words, it was our applications knowledge, used in direct sales."

Though the questions and their answers, the management team started to translate the original question of sufficient scale in key functions into a symptom for a deeper root cause: that this facility, through the implemented organizational changes and subsequent dependency on the new division structure had difficulties in defining their customers. The social reality of this unit was "lack of fit" (the extensive product and application know-how of the facility did not fit into its current role in the group, as a supplier of products and not a systems integrator) and "lack of fun", i.e. lack of pride, sense of belonging and motivation. This was where the unit management should start its work. But in order to be successful, it would also need a much clearer indication from Group management on its future role vis-à-vis the divisions, which in turn would require a profound assessment of the manufacturing strategy applied by the Group, including decisions on make or buy. The solution to the problem required a shared effort by local unit management and Group management; both having to face the "full impact" of the corporate complexity.

The first part of the sequence outlined by Normann ("the leadership process") and Ricoeur (the mimesis-process), is the interpretative action, in this case involved an understanding and explanation of the current situation through an analysis of the history of this manufacturing unit. Through questions and answers, the information was gradually rearranged and seen from a different

perspective, using a different diagnostic language (What business are you in? Who is your customer?). This can be seen as corresponding to the second step, reformulation. Finally, a new context is created, including a different view of the management's tasks – to establishing “fit” and creating “fun” (words that become abbreviations for a whole set of activities) – in implementing a survival strategy. Hence, the perceived social reality was – following the reformulation – translated in to a different reality.

One way of describing the complete reframing process in *case 7* is to see it as a movement from a problem focused on trying to cope with the conflicting demands (from the divisions) in a flexible and still efficient way to a sincere effort to define the role and responsibility of this unit in the corporate “ecosystem”. This direction could be described as a move from “flexibility thinking” to “reflexivity thinking”, where the present situation is both critically challenged and reconstructed reflecting new insights and experiences.²⁰⁸ In the empirical material there are several examples of similar reframing processes: see for example *case 2* (“*How to work with the sales force on non-standard products*”) and *case 10* (“*How to integrate forward in a global business*”). The reframing process becomes manifest in a changed perception of relationships and responsibilities in the organization, sometimes represented by different artefacts in terms of structure, guidelines and elements of language.

From local variation to strategy assessment and risk taking

In *case 4*, the problem was presented as “*how to for the first time run and evaluate an end-user directed campaign in one market?*” This was initially seen as a marketing problem; how can you

²⁰⁸ Cf. Alvesson and Sköldböck, 2008. They refer to a reflective practice involving deconstruction and destabilization as “D-reflexivity”, and a reflective practice finding alternatives and involving reconstruction is called “R-reflexivity”. The D and R types of reflexivity have a dialectic relationship and reflexivity thinking would involve repeatedly moving between them.

plan and evaluate an advertising campaign? However, in the management team's efforts to understand the problem, a more complicated story gradually unfolded.

The first initiative for the market unit's change of distribution model came from the independent distributors in the country, who experienced tough competition from cheaper – and in their mind – inferior products using very basic technology. Since the total market in this product segment was growing, in order to benefit from this growth, it was essential to have wide recognition and visibility in the market, even if the available product was sophisticated and expensive. In addition, the company recognized an opportunity to put pressure on the distribution through addressing the end-users directly.

Following a thorough planning (including test sales etc.), it was decided to launch a regional campaign in the urban areas, mainly using TV-commercials. In the plan, issues such as brand recognition, brand positioning etc. were also discussed. The campaign was seen as instrumental in reaching the aggressive sales targets.

Summary of notes from the discussion in case 4

After having studied the plans and activities organized, the initial problem became difficult to relate to; from the (albeit limited) experience in the group there seemed to be very little to add, also in terms of measurements and evaluation procedures. So what, then, is the issue? The local management, when confronted with this, said:

“The problem is that we take the shipping from US with a delivery time of one week. Break even for the total campaign is 21.000 units. We have ordered 13.000 units: the double [of whatever has been] sold [in the country]. Delivery is minimum one truck load.”

This remark placed the problem in a different light. The need for tools for planning the campaign had less to do with understanding reception of the TV-commercials, patterns of changes in end-user attitude and awareness, efficiency of alternative communication channels etc. What was needed was basically reliable methods and concepts for making assessments of the potential for number of units to be sold, in order to take an informed decision on purchasing volumes. This decision had to be made before the campaign had finished, and unsold units could not (due to different specifications) be returned to the production plant. In terms of volume, the order that had to be produced was significant.

Reformulating the problem moved focus from long term marketing and communication management to short term business risk assessment. The business risk would by necessity involve not only the local sales company, but also the manufacturing unit in another country, and the issue was hence broadened in both functional and geographical meaning.

It became clear that what was initially perceived as a somewhat unusual activity implemented for a specific purpose in a well confined market, in reality was an issue well entangled in the formal and informal context of a multinational group of companies, with manufacturing, sales and distribution in many markets. In light of this, the option for the Group not to intervene was no longer viable. There were issues related to brand equity, distribution channels and perhaps even product development to be considered. And both in the short and in the long term there was the issue of risk taking, and on what level

in the organization substantial business risks should be decided upon. There were also strategic implications to consider. Was this development something that would spread to other markets, should the strict business-to-business model be complemented with a business-to-consumer approach; in short, would this development have to be reflected in the Group-wide strategy? The local initiative perhaps in hindsight could be seen as an important “pilot” or “experiment”, giving input to the Group’s strategic planning?

In the efforts to interpret this case, the initial references to marketing in general and more specifically business-to-consumer marketing reinforced the original definition of the problem. Only when the information was reorganized into a more familiar context (the relationship between a sales company and the manufacturing units), was information outside the field of marketing sought. This in turn prompted a different interpretation (reformulation of the original problem) of the situation; it was no longer an issue of finding ways to “avoid getting stuck with unsold inventory” but much more a questioning and reassessing of the division of risks and responsibilities between local and central levels in the organization, as well as between manufacturing and sales.

The original problem had to do with giving guidance on how to behave within the existing structure, i.e. how to obtain relevant and accurate information in order to make a purchasing decision from another entity. There were policies and guidelines governing these transactions between manufacturing and sales, and rules must be followed. At the same time, it was essential not to move beyond the risk mandate given to a sales company. The reframing process resulted in the questioning of these rules and restrictions, and the prevailing division of responsibility for

strategic initiatives and risk taking. By naming this emerging activity in the local market an experiment, issues of learning and dissemination of conclusions across the Group became important. The issue was translated into a new – and strategically challenging – reality.

In terms of reframing, *case 4* illustrates a direction from implementing local variations inside the existing structure (of resources, available production capacity, existing distribution) and strategy, to assessing and adapting the opportunities coming from the emerging (future) structure. Several of the reframing processes in the cases in the empirical material have a similar direction, for example *case 1* (application sharing), and *case 6* (Key Account management).

Structure and task revisited

In chapter 3 and 4 the empirical material has been discussed related to the research question. Chapter 3 described the problems that should be addressed, the major restrictions to observe, and developed the understanding of the multidimensional challenge. In chapter 4, the discussion has focused on understanding how it was done: how did these organizations manage to discuss and eventually successfully solve multidimensional issues, without the support of formal and well-aligned structures? A multidimensional structure would perhaps have been far more efficient, at least if these issues were reoccurring and a part of the everyday life in the organizations. However, not being in favour of complex organizations, the origin of the two organizations' skill in solving issues with many and diverse perspectives to observe must be found outside their organizational structure.

There are several possible candidates to replace structure as the key element for explaining this successful management of

multidimensionality, including corporate culture, shared values etc. The suggestion in this investigation, emerging from the empirical material, is that the leadership mindset (as used inside the context of the corporate culture etc.) was critically important when approaching the problem solving in the two organizations. Interventions were enacted by management to form the necessary capabilities (based on the participant's competencies) to reframe the problem into an issue that reflected all (or most of) the dimensions necessary to consider in order to find a solution. This process in the cases seemed to compensate for potential disability of a one-dimensional organization to address multidimensional problems. In the following chapter I will discuss this conclusion. I will also explore the relationships between this mindset and structure.

5

**CONCLUSIONS ON A
MANAGERIAL MINDSET**

MORPHEUS:

Unfortunately, no one can be told what the Matrix is. You have to see it for yourself.

Morpheus opens his hands. In the right is a red pill. In the left, a blue pill.

MORPHEUS:

This is your last chance. After this, there is no going back. You take the blue pill and the story ends. You wake in your bed and you believe whatever you want to believe.

The pills in his open hands are reflected in the glasses.

MORPHEUS:

You take the red pill and you stay in Wonderland and I show you how deep the rabbit hole goes.²⁰⁹

The business organization, with lines and boxes, guidelines, policies, and various artifacts may be seen as being very orderly. This can be considered as one of its virtues; a widespread opinion is that complexity, uncertainty, and multidimensionality are best managed with structure and order.²¹⁰ This is not contradictory to the

²⁰⁹ Wachowski and Wachowski, 2001:28.

²¹⁰ When facing complex challenges one viable solution is to rationalize them through a structure. In a neo-institutional tradition, Meyer and Rowan, 1977:346, use a harsher language, and write that "[...] rationality becomes a myth with explosive organizing potential". The idea that organizational rationality is the rationale for organizing is reflecting a prevailing theory that a formal structure (like an organizational chart) is the most effective way of controlling and coordinating the complex relationships involved in work activities.

conclusions presented in this investigation; indeed, the empirical material was established inside what can be viewed as a structure, i.e. a series of management development seminars, shaped through interventions by management. However, an important observation from the seminars is that the problems addressed never were solved as an outcome of the structure; just bringing people together did not provide any answers. In the seminars something else was added. There are different alternatives explaining this: could it be an expression of organizational culture, of the shared values in organization, or the accumulated experiences among the participating managers? This investigation suggests that it required the application of a leadership process of interpreting, translating, and bringing forth a new context. Further, it was from this approach to leadership that the interventions forming the seminars, as well as the various actions in the seminars, emanated. The seminar structure was seen as a tool for communication and for establishing learning opportunities.

In this chapter I will discuss the relationship between structure and leadership in the context of multidimensionality. As suggested earlier in chapter 1, the empirical material indicates that a choice of organizational design reflecting a limited number of perspectives, in itself does not constitute limitations in successfully addressing problems that require infusing different perspective into the actions of the organization. As seen from the problem solving seminars, such problems can be approached in a manner that will provide the learning opportunities needed to address an increasing complexity.

Matrix Mind

The organizations participating in the seminars were used to rely on measurements for understanding and defining a problem,

as well as measuring the effectiveness of suggested solutions in different ways. This, coordinated within the distribution of responsibility and power given by the organizational structure, was the standard way of approaching problems. However, when unveiling the inherently complex and multidimensional nature of a particular problem in the seminar, they were able to complement this with an alternative approach. In some of the cases, the issues to be solved did not clearly reside in one of the "boxes" in the organization – they belonged to several or all. They appeared across reporting lines and organizational borders, and there were no obvious measurements for direction or unambiguous evaluation of the outcome. Occasionally they emerged in the "white spaces" in the organization chart. Although not being the focus in this investigation it should be noted that the solutions recommended often assumed elements of measurability as well as transparent division of power, authority and responsibility, i.e. structure. However, even if the final outcome of the process in many ways was similar to what was achieved through the usual problem solving process in the organizations, the way of getting there was different. This investigation addresses this last notion, and the following premises have been found to be significant in the way the organization approached them.

Firstly, in order to find and implement structural arrangements as well as the interventions during the process (either planned or improvised), that facilitated the problem solving in these cases, management relied on a set of ideas and "rules-of-thumb". This included a preparedness to maintain uncertainty for an extended period of time, and actively resist reducing, rationalizing, or simplifying the issue, instead defend its multidimensionality. Further, management shared a strong belief in dialogue and discussion in groups and settings outside what was given by the formal structure. Finally in discussing the issues, management strived for the use of a specific, relevant and diagnostic language,

articulating “what we are and what we do”, as well as giving direction.

The consistent application of these ideas established a platform guiding different interventions, both regarding structural arrangements surrounding the problem solving and also influencing the process. An important outcome of these interventions was to make a set of organizational capabilities (released and/or formed from individual competences) available. They reflected ways of dealing with high levels of uncertainty, complexity and ambiguity, and provided an important link between the interventions and the successful understanding of the problem.

Secondly, in solving the problems the managers allowed themselves to get involved in a change process I refer to as reframing. This leadership process was aimed at establishing a new social reality relevant to the problem to solve and prompting action.

The ability to arrange structural as well as process design elements to build capabilities and to combine this with an ability to lead a reframing process, was crucial in the observed approach to address multidimensionality. Reflecting on the early notion of Bartlett and Ghoshal that “matrix is not a structure but a frame of mind”²¹¹, as well as an understanding of matrix as a metaphor, representing the need for managing multidimensionality and complexity, this approach – as studied in the participating companies – can be referred to as them having “a matrix mind”. Returning to a simple model of alignment between structure and task discussed in the first chapter, it can perhaps be claimed that this matrix mind to the participating companies was more important for managing the multidimensional environment than the selection and implementation of a certain structure, including policies, guidelines etc. Having and applying a matrix mind provide means to the managers to – when needed – go beyond

²¹¹ Bartlett and Ghoshal, 1990.

the prevailing structure without necessarily imposing permanent changes on the structure, which could result in negative effects on its efficiency and accuracy. To put it in another way: having a matrix mind provides opportunities for dissolving the restrictions imposed by the chosen structure – but it requires that managers are prepared to manage. In the participating organizations, it provided a way to manage the white space in their basically functionally oriented, organizational chart. In the next section I will continue to discuss matrix mind, and connect it to everyday work in organizations. Here I will allow myself to a more general discussion, partially built on observations of the behaviour and idiosyncrasies among the participating managers in the seminars, but also reflecting my personal experiences from working on management level inside a large multidimensional organization.²¹²

The red pill: reflections on everyday multidimensionality

The *Matrix* movie has been used as an introduction throughout this text. The ontological proposition in the movie *Matrix* is that there are no structures – only minds. The revolution is guided by the battle cry “free the mind”, being a *Leitmotif* in the film and its sequels. On the silver screen, the emancipation of the mind, i.e. the ability to disconnect with the often most obvious, but also often most myopic perspective, is achieved by taking a red pill.

In organizational design discourse matrix sometimes seems to be used as a metaphor for complexity.²¹³ However, in order to observe complexity sometimes a certain distance is needed. Hence, the contours of a matrix are easier to identify when you

²¹² See Appendix 1.

²¹³ The view of the matrix as a metaphor has been discussed by e.g. Morgan, 1999. See also Fulop, Hayward and Lilley, 2004, Kramer, 1994.

look at the corporate organization from a wider perspective. Once you start to descend into the matrix it dissolves into functional organizations, divisional organizations, line-staff structures, networks or hierarchies etc., all introduced in an effort to reduce complex relationships to routine decisions, adapting to the immediate environment. As a leader on enterprise level or as a “two-boss manager” (being inside the matrix), you sometimes cannot expect much recognition or understanding for the matrix as the guiding organizational principle.²¹⁴ The everyday context (customers, suppliers etc.) is in many cases possible to view as one-dimensional, one-directional and without any needs for extensive consideration of different perspectives. However, from an elevated view, it all ties together in a matrix design. Seen from this distance, the matrix is not a detailed drawing of the structure. Partially, it becomes a vision for how the organization wishes to address the complexity and multidimensionality. So in most cases, in a lot of the everyday work in the multidimensional organization, *the matrix is nowhere*.²¹⁵

On the other hand, *the matrix is everywhere* in organizational life in the sense that the multidimensional structure represents a way of dealing with the dysfunctional side effects of streamlining and one-dimensionality.²¹⁶ Where there is a need for coordinating across perceived silos, *ad hoc* structures (a project, a task force, a work team) often are appointed for this purpose. The successful applications of these structures suggest that people are

²¹⁴Kramer, 1994.

²¹⁵A good illustration is AB Electrolux matrix organization in the 1990s: in theory it was a grid of 615 companies (legal entities) meeting 29 product lines. If every company was selling products from every business line, this formed a matrix of 17 835 possible intersections filled with business activities. Of course this was not the case; in practice most of these intersections were empty. Even when sorting the 29 product lines into 5 business areas, the matrix established between business area and company mostly contained empty connections (see also Appendix 1).

²¹⁶However not in the sense that it is portrayed in the Matrix movies: it is not a construction by an evil force to manipulate our perception.

not alien to participate, work, make decisions, and act within a multidimensional frame. They are used to juggling different perspectives and interests, capable of making choices and reconciling different – and seemingly opposing – solutions without losing their sense of reality and consistency as individuals. In their everyday life people embrace complexity without being struck by inactivity or procrastination. In formal organizational design, striving for clarity, members of the organization are often not credited with this ability. Likewise, the ability to at the same time belonging to different contexts without getting confused or mixed up is questioned. However, in everyday life people are capable of a “dual citizenship” and are frequently exercising it.²¹⁷

Sometimes organizations get caught up in seemingly endless negotiations when addressing multidimensional issues. The term negotiation is usually reserved for traditional bargaining situations, like buying, selling, reaching an agreement etc. However, the discussion of access to resources, change of priority or focus, level of attention etc. may have all the characteristics of a negotiation, and this requires more or less the same set of skills. Besides consuming a lot of mental energy and slowing down decision making, it will also promote the good negotiators, perhaps at the cost of the skilled problem solvers.

In some multidimensional situations, the danger of suffering “paralysis through analysis” is voiced.²¹⁸ It means a tendency to address difficult judgemental decisions by asking more questions, looking for more facts and figures, and doing more analysis. In essence this is reducing the “matrix” decisions to a “metrics” decisions. In addition, individuals afraid of getting things “wrong” (e.g. making the wrong decisions) can become cautious, which

²¹⁷ Agurén, 2001.

²¹⁸ The global Swedish-Swiss company ABB – having a multidimensional structure in the 1990s – is an example where this has been mentioned as a potential dysfunctional effect of the structure, see Barham and Heimer, 1998.

often is manifested as blaming “others” and placing the problem with “someone else”.²¹⁹ This “blame” environment is undermining the ability to reflect; the individuals become too anxious, too cautious, and too busy to engage in reflective discussions. Lack of collective reflection is in turn negatively impacting communication between different parts of the system. One outcome of this vicious circle is that the emotional and political behaviour developed in an environment where people are afraid of doing the wrong thing when addressing multidimensional problems, does not support the organizational learning that could have changed the “paralysis through analysis” pattern.

The opposite of the constant work to refine the analysis in the hope of making better decision, is the realization that the best way of surviving the difficulties of making a decision where many stakeholders are involved is to “do nothing”. You can hide, remain uncommitted and vague, and rely on the “experience-turned-into-knowledge” that “this too will pass”, if you just stay away long enough. Obviously this is not done to the letter: it is difficult to survive in a managerial position if you disappear whenever a difficult decision should be made. However, through avoid making firm and public commitments, always moving deadlines forward, favour a “wait and see” approach, managers can hope for the problem to disappear and everything go back to normal. It is not unlikely that this management attitude, combined with better than average business performance of the concerned unit, can be a successful strategy, at least short term.²²⁰

Another way to avoid making decisions is to “delegate upwards”; it means giving up on the possibility of finding a solution, involving the concerned managers, and simply ask the next

²¹⁹ Vince and Tahir, 2004.

²²⁰ In some organizations, like in the case of Electrolux, described in Appendix 1, these managers sometimes were viewed as “corporate heroes” in the corporate folklore, representing a resistance to the central powers.

organizational level for a decision or arbitration. Some organizations act very forcefully against this; top management will take a decision but the managers involved will be told that this is not expected behaviour, and if it repeatedly happens with the same people involved, changes will be made.²²¹

These examples of dysfunctional behaviour indicate a tension – or even a conflict – between the expectation to solve multidimensionality in an organized way and the managerial experiences in the organizations. In terms of management practice, is the introduction of matrix mind a way to address this?

Contributions and practical relevance

A thesis is expected to provide both practical and theoretical contributions. The practical contributions from this research are partly related to the discussion just concluded. From this perspective (what I refer to as a managerial perspective), this investigation can provide a better understanding of a mindset to engage in constructive multidimensional problem solving (sometimes replacing the dysfunctional patterns of behaviour outlined above). When the internal and external environment surrounding today's organizations is becoming more and more complex and multidimensional, this is becoming an important knowledge.

As discussed, a matrix mind does not require a supporting structure, but can prevail in all organizations dealing with multidimensional problem solving, regardless of formal organizational structure. On the other hand, and going back to the notion of

²²¹ If managers cannot (or are not given the tools needed to) solve conflicts, the top management will be drowned in requests to make decisions, and settle conflicts. A suggestion is to reward a management attitude where managers "earn their spurs by being helpful and only seek higher-level conflict resolution assistance at their peril" (Tom Peters, cited in Barham and Heimer, 1998:274).

organization as a curriculum for learning made in chapter 2, multidimensional structures can offer unique experiences for learning about conflict resolution, stakeholder recognition etc.

Further, in terms of practical relevance, this investigation is built on problem solving processes in 14 cases. Are the observations and conclusions relevant to other organizations, besides the ones participating in the seminars?

Although each of the 14 cases was unique, it was possible to code the problems into groups of strategic and organizational issues. The problems also represented different dilemmas, in the sense that they embodied different (and diverging) perspectives and priorities which had to be taken into consideration when looking for solutions. When consolidating the discussion on this aggregated level, both the strategic and organizational issues to address, as well as the diverging interests to consider when doing that, should provide a general recognition in many organizations; and not only in commercial and multinational companies. These issues and dilemmas can also appear in small, domestic businesses, in civil society organizations, in local authorities, governmental organizations, in schools and universities and so on; complexity is not a privilege of big business! Hence, the findings on how the participating companies arrived at these solutions can be useful.

It is also part of a more fundamental discussion. When working close to the companies participating in the seminars, it is a striking observation of the intensity of the on-going internal discussion on how to organize and how to establish the different aspects of “an organization”. The subject – although rarely explicitly labelled as a “leadership and organizational design discourse” – seems to be constantly debated, defended, questioned and provoking action. In such a discussion, obviously not confined to this handful of organizations, the findings from this research can serve as an input: what are our perspectives and beliefs when it comes to problem solving? In what way do we organize and

act to form important capabilities supporting our actions, and base them on the available competences. Are we internally promoting reflection, genuinely welcoming different interpretations and views of the reality in which we operate? And are we still capable of fast decision making and rapid implementation?

To the participating companies the issue of growth was important. They also realized that business growth had to be related to both organizational and individual growth among the employees in general and the managers in particular. The conventional management development programs were seen as giving limited support to this need, and the format of the seminars (albeit still viewed as a management development program) was designed as an alternative. In this respect this investigation could be seen as contributing to a more general discourse on management development, also relating to the recent writings by for example Colby and others on undergraduate business education.²²² This should be of interest to stakeholders in management development and training: buyers, suppliers and participants.

Excursion: searching for kinship

The matrix mind as it appears in this investigation is curious, innovative and restlessly interpreting the prevailing social reality to find cues for opportunities to act in a reframed context. It is part of a leadership skilled in managing complexity and multidimensional challenges. However, also outside this investigation there are different examples of models of leadership said to require similar qualities. I will conclude this investigation by pointing in the direction of a leadership role requiring a mindset with a close kinship to the matrix mind I am suggesting: the statesman.

²²²Colby, Ehrlich, Sullivan and Dolle, 2011.

This will also indicate some directions of further research, as I will later discuss.

By relating matrix mind to a statesman or statesmanship, my ambition is to gain from the power of comparison and metaphor in order to create recognition and extended understanding for the conclusions I bring forward in this investigation.

In developing the ideas of the leadership process already discussed in chapter 2, Normann in several places in his books mentions “the statesman”. He notes that the environment surrounding the activities of interpreting, formulating, translating, and acting is constantly changing, and that the obvious consequence is that there always will be different and conflicting views that the leader will have to take into consideration:

As long as tension and conflict can be seen as representative of different vantage points, different interpretations, it is a sign of diversity and therefore an invaluable resource. The leadership process which interprets tension and conflict as data about different reality perceptions and channels them into innovation I have described as statesmanship in an earlier book.²²³

Seeing the statesman as someone having the opportunity and resources for interventions, exercising a contextual approach to problem solving, and also displaying a reframing ability when addressing complex issues (i.e. an exponent of matrix mind), is not unique. “Statesman” or “statesmanship” is a model for exercising leadership that has a long history and it has been given many connotations and meanings.²²⁴ Based on studies of real life persons, Cohen identifies five distinctive properties in a statesman, in

²²³ Normann, 2001: 292. The book he refers to is *Skapande Företagsledning*, Normann, 1976b.

²²⁴ Lödén, 2005.

particular when addressing different crises: (1) the ability to interact and engage in dialogue through the problem solving process, (2) the ability to identify and understand what is different in the current problem, (3) the ability to communicate in order to involve and motivate others, (4) a strong vision, guiding the statesman in his or her action, and (5) a realistic view on what is possible to achieve.²²⁵ The similarities with the elements of the leadership definition established by Normann are obvious. Berlin further discusses the observation that statesmanship cannot be established through a manual; it is a more subtle property, sometimes called “wisdom”.²²⁶ Löden finds that Berlin approaches the statesman’s wisdom as the ability to, in particular in very complex situations, “see further than other do” through focusing on knowing and understanding being conjoint rather than separated.²²⁷ Again, there are similarities to the discussion on managerial reframing in chapter 4.

On the other hand, the concept of a statesman is not frequently referred to in the context of business organizations and in the typical leadership discourse. When Norell discusses the term “statesman”, he does it based on four criteria: (1) the issue, (2) the action, (3) the situation, and (4) the outcome.²²⁸ There is both an ideological and an action dimension to statesmanship.

²²⁵ Cohen, 2003. Examples of statesmen frequently studied and referred to are Churchill, Metternicht, Hammarskjöld, Monet etc., see also Löden, 2005. Further, the situations where the distinctive properties will be tested, could perhaps be considered as good examples of multidimensional problems that had to be solved. In chapter 2, I referred to the 14 multidimensional problems included in this investigation as “wicked problems”, and in his discussion of wicked problems, tame problems and crises, Grint, 2008, connects this conceptual framework to elements of statesmanship developed by e.g. Nye, 2004.

²²⁶ Berlin, 1996.

²²⁷ Löden, 2005. Berlin, 1996:32, originally defines wisdom as: “What is called wisdom in statesmen, political skill, is understanding rather than knowledge – some kind of acquaintance with relevant facts of such a kind that it enables those who have it to tell what fits with what: what can be done in given circumstances and what cannot, what means will work in what situations and how far, without necessarily being able to explain how they know this or even what they know.”

²²⁸ Norell, 2005.

The issues at stake should be of a certain magnitude, the action should be on a strategic level, there must be a certain resistance to overcome and it must require an element of courage to go ahead and address the problem. These requirements are not unique to the work of a Head of State or someone in charge of a large non-governmental organization (organizations often credited with being run by statesmen). On the contrary, Norell notes that there are similarities between the concept of statesmanship and the notion of “strategic leadership”, the latter being “neutral” in terms of organizational base:

One way of relating the concept of statesmanship to strategic leadership is to consider the former as a variation of the latter: the statesmanship is in relation to strategic leadership distinguished by, on one hand, the scope of the “thing” (being on national or international level), on the other hand the element of doing good/being positive/being altruistic. Strategic leadership does not have the same connotation of goodness as statesmanship, and the concept can be seen as neutral also in this respect.²²⁹

There are other examples of writers connecting the statesman to a business context. One of the most prominent is Philip Selznick, who is considered to be one of the “founders” of the institutional approach to understanding organizations.²³⁰ Selznick served as an inspiration to Normann (acknowledged in his earlier books), and I will in the remainder of this section discuss whether the

²²⁹ Ibid.: 82. My translation. In Swedish: Ett sätt att förhålla statsmannabegreppet till det strategiska ledarskapet är att se det förra som en variant av det senare: det som preciserar statsmannaskap i relation till strategiskt ledarskap skulle kunna vara dels omfattningen på “saken” (nationell eller internationell nivå), dels det goda/positiva/altruistiska. Strategiskt ledarskap är inte “behängt” med samma konnotation av godhet som statsmannaskap, begreppet utan kan definieras neutralt även i det avseendet.

²³⁰ DiMaggio and Powell, 1991.

meaning Normann and Selznick gives to the statesman would merit it being an example of matrix mind as exercised by the managers in the seminars.

Many situations of the everyday life in an organization require dealing with multidimensional interdependence, ambiguity, and uncertainty. However, even in the multidimensional organization a lot of decisions are made and things carried out according to some pattern or routine, designed to facilitate decisions and “certify” that actions are implemented with the preferred quality, efficiency and consistency. Selznick calls this an “administrative organization”, which is “a technical instrument for mobilizing human energies and directing them toward set aims”.²³¹ It asks for “an administrative management”.

Selznick also defines an “institutional leadership”, a leadership that is part of establishing the mission and role of the organization “[the institutional leader is] an expert in the promotion and protection of values.”²³² Although the administrative and institutional leader can exist simultaneously in any organization, transferring from administrative management to institutional leadership is a major transition, and Selznick marks this by introducing the idea of the leader as a statesman:

The executive becomes a statesman as he makes the transition from administrative management to institutional leadership.”²³³

²³¹ Selznick, 1957/1984: 5.

²³² Ibid.: 28, Selznick briefly refers to a third leadership type: the “interpersonal leader”. The task of this leader is to “smooth the path of human interaction, ease communication, evoke personal devotion and allay anxiety. His expertness has relatively little to do with content; he is more concerned with persons than with politics. His main contribution is to the efficiency of the enterprise.” Ibid.: 27.

²³³ Ibid.: 154. Of course, it could just as well be “she” making the transition; I cannot substantiate that Selznick made any conscious gender reflections on the leadership roles.

Are Normann and Selznick in these quotations referring to the same understanding of “statesman”? When Normann uses “statesmanship” it is to describe a leadership that does not operate on the “field” and manages the current business, but instead works to adapt the business (or portfolio of businesses) to different and changing conditions. The statesman observes and acts through the internal power system in the organization and works by building connections and social networks.²³⁴

In the view held by Normann, the political system is important to the statesman, since it provides the information needed, and serves as a mechanism to translate what is going on in the different parts of the business into a diagnosis of the situation. By default there will be different and competing interpretations that the statesman will have to confront. Hence the statesman also needs a deep knowledge and understanding of both the nature of the business (or the nature of the different businesses in a portfolio) and the larger external system where the organization is participating (“society”). He/she must be well connected both internally and externally.

Having used the political system and made the translation, the statesman then works through the organization using some of the levers at hand like changing the power structure or systems for conflict resolution, establishing fora for problem solving or confrontation, and change reward, resource allocation systems etc.²³⁵

Selznick is in a similar way referring to the institutional leader (the statesman) as establishing direction and meaning, taking into account the internal conditions and the external expectations. This leader – just as the one Normann is referring to – shapes

²³⁴ The former US Secretary of State, Henry Kissinger (cited in Möller, 2009) defines statesmanship as the ability to understand the basic relationships between different powers and using this knowledge in service of the purpose he has set for himself.

²³⁵ Normann, 1976b: 224–237.

the character of the organization, establishes and maintains values, integrity and identity and deals (directly or indirectly) with conflicts.²³⁶ It is not difficult to imagine – in particular after reading the “job description” provided by both authors – that the statesman described is an example of a leadership requiring a mindset similar to the earlier described: a matrix mind (i.e. making structural interventions based on strong normative ideas, combined with a capability for contextualization and hermeneutical thinking used to reframe the situation).

It is worth noting that both Selznick and Normann seem to assume that the leader as statesman can (and should) only be found at the very top level in the organization. Contrary to this, this investigation argues that multidimensional problem solving needs managers acting as statesmen on all levels; the “statesman” becomes a guiding role model for the leadership throughout the organization. In particular, the ability to initiate reframing – as illustrated in the empirical material – seems to be essential on many levels in an organization, not only at the top.²³⁷

The statesman can be seen as one model encapsulating a leadership using – but also defining – a matrix mind. However, as noted, statesmanship and “being a statesman” is not commonly referred to in the context of business organizations.

Roads ahead

This investigation – similar to most research projects – started as a question, initially a very personal one. And long before this question was turned into a research proposal, it had a name: matrix mind. It is in hindsight difficult – in the flow of ideas, questions,

²³⁶ Selznick, 1957/1984:62–63.

²³⁷ See for example Klausen, 2005.

references and explorations that surround the quest – to judge whether the idea or the name came first. Initially a name was needed to be able to talk about what I was doing; now that I have done it, the name itself may be of less relevance. However, if the initial research questions relate to the mindset needed for solving multidimensional problems, and if it can be addressed from a different level of understanding using matrix mind as a point of embarkation, it will serve its purpose.

There are aspects of the understanding of the mindset herein presented that still require a much deeper probing. One such question is related to the discussion of capabilities and competences. As indicated, the empirical material has not allowed me to investigate on an individual basis the competences and subsequent capabilities available in the seminars. Had I had access to such information, it may reveal a different picture of why the teams in the seminars were successful in thinking “out of the silos” and finding solutions.

In the investigation, I am also introducing hermeneutical thinking as an important feature of managerial reframing. I have only scratched the surface of this vast subject and there are many very exciting questions to explore related to both its epistemological and philosophical foundations as well as to management practice. In the wake of the recent writings on Integrative Thinking and liberal art in business education this is also connected to an actual debate.²³⁸

I have chosen not to explore the possible linkage between concepts of corporate culture and matrix mind, and this would provide another area for future research. Are some cultures better at promoting a mindset prone to address problems from a multidimensional context? And – in light of some remarks made e.g. the ABB and Electrolux choice of global matrix organizations as

²³⁸ Martin, 2007, Colby, Ehrlich, Sullivan and Dolle, 2011.

a reflection of a “Scandinavian mentality and culture” – are these corporate cultures reflections of a larger context or shared understanding of “how to manage”?²³⁹

This investigation can perhaps be seen as combining elements from an organizational design and a leadership discourse. If so, it is intentional. Just as in the efforts to solve the problems in the seminars, where different perspectives were welcomed and seen as contributing to the understanding, I have in the theoretical framework and in the analysis of the material tried to relate to different discourses and see how they could support each other. In terms of the research question, it is however my belief that there are a lot of contributions still to be made. What individual competencies and capabilities are needed in a particular organizational structure? How can structure release individual capabilities? How are individual competences and capabilities shaping structure? If you change individuals, do you have to change structure – and vice versa? How can you manage that process?

Finally, it would be an area for future research to connect the ideas on matrix mind to some other leadership role model beside the already mentioned statesman: project managers, global managers etc. Would the notion of matrix mind contribute to a better understanding of these leadership challenges?

A basic premise of my investigation, and one that I have had no intention to question, is that there are huge advantages to be gained from a thorough understanding and ability to lead the formal organizational structure. This includes using all the means of measuring and monitoring provided not the least of which by new technology. However, there are limitations to a “metric management”, only focussed on hard facts, figures, measurability, and structure.

In their review of leadership research in behaviour science,

²³⁹See Appendix 1.

Nohria and Khurana conclude that “the dominant organizational scholarship of the past thirty years does not see a substantive role for leadership and hence, little need for leadership research.”²⁴⁰ They find this surprising, since society at large seems to search for leadership examples, models, and roles to deal with the challenges in many fields and on a global scale. In a humble way, this investigation tries to advocate a belief in the importance of leadership, and in the importance of leadership research. When the little boy in the movie *Matrix* asks the hero Neo to bend the spoon, and – when seeing him fail – explains that bending a spoon is not a matter of changing the structure but of bending the mind, he challenges us to think that whatever elaborate the structure, the secret to achieving change equally relies on the mindset. Organizational charts, policies and procedures may map the surrounding complexity in an ever so accurate way, but our mind (using creativity, fantasy, and imagination) seems to be capable of understanding, and hence acting, inside a multidimensional context beyond that. And this is why, when the circumstances ask for it, a managerial mindset perhaps should be allowed – even encouraged – to overrule formal structure.

²⁴⁰Nohria and Khurana, 2010:9.

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When the work has come to an end, and the text finally disappears out of my reach, I leave the reader with a few words from Daniel Juslénius, who publicly defended his *pro exercitio* thesis, *Aboa Vetus et Nova*, in Turku on May 12th in the year 1700 (translated from Latin by Gerard MacAlester):

Therefore I call on the gentle reader and courteously request him to look in me with favor and to remember that, if one considers the matter properly, no-one can please everybody, no-one is born a scholar, and even the most able are not without fails.

Indebted to all mentioned above – and many other who in numerous ways have contributed to my work – I undividedly have the full responsibility for what is written on these pages.

Stockholm, March 2014

Mats Agurén

APPENDIX 1

MULTIDIMENSIONAL STRUCTURES AND EVERYDAY PROBLEMS: A PERSONAL NARRATIVE FROM AB ELECTROLUX

The material in this Appendix is partly biographical. I was employed by AB Electrolux between 1983 and 1994. This coincided with the “peak” in the popularity of the global matrix organization, and many books and studies were written on this organizational design. The position of Electrolux as an almost archetypical matrix structure merits its inclusion in this investigation, in spite of the time that has elapsed since the experiences were made. In Electrolux, I was in various positions in the global staffs and top management, charged with responsibility of making decisions that would influence the organization and thus learned perhaps just as much through the feedback provided on those decisions as I did through observation or reflection. A feature acknowledged both internally and externally was the ability of this large organization to act swiftly, and with great flexibility, when needed, and always with a firm focus on operational and hands-on issues. Somehow, complexity and multidimensionality was never allowed to develop into procrastination, and problems (and their solutions) were kept as simple and one-dimensional as possible. I will in this Appendix, in the form of a personal narrative (occasionally supported by observations in other sources, adding different voices to the narrative), examine the features that facilitated the multidimensional structure’s management of one-dimensional tasks.²⁴¹

²⁴¹ Although Electrolux is one of the most important Swedish companies (and one of the most multinational) of the last century, comparatively little has been written about the company as of today. Besides my own experiences (sometimes recorded in my diary and personal notes) I will

Continued on next page

During the 1980's Electrolux had a growth strategy articulated as: to become a global player in the key industries where the company was operating. The prime vehicle for doing this was acquisitions. Through buying competitors and complementary businesses, Electrolux would gain market shares as well as being able to achieve economies of scale up-stream, in e.g. manufacturing and purchasing. However, besides the demand on management time to integrate and materialize the benefits from the more than 400 acquisitions made during 1980 to 1990 the many acquisitions also left the company with a number of businesses that were not related to the core businesses, as well as an extensive portfolio of brand names.²⁴²

At the same time, the management style of Electrolux, going back to Hans Werthén (CEO 1969–1980), was built on the concept of strong decentralization, to a degree where internally and externally the organization was referred to as “400 villages” or “a self-playing piano”.²⁴³

The organizational challenge was how to find an organization that could reconcile a number of seemingly contradicting priorities. There was a need for consolidation and creating synergies while planning for more acquisitions. There was also a need for reorganizing the global manufacturing and sourcing structure whilst remaining close to the customer and delivering the brand promise on local or regional markets. Further it was a challenge, to run non-core activities with at least acceptable profit, while at

²⁴¹ extensively use as sources a series of articles written by Christopher Lorentz and published in 1989 in the *Financial Times*. In addition, there are some case studies e.g. Jallinder, 1982, Ghoshal and Haspeslagh, 1989, that provide additional background information. Different books on leadership and management have been using Electrolux as an example, and occasionally the company has been featured in articles in both academic and popular management journals. A biography, Uggla, 2010, of the former CEO, Hans Werthén, was published in 2010, and background information can be obtained from internally published material, e.g. Sundling and Dahlbäck, 1988, as well as material issued in connection to the company's 75th anniversary, in 1994.

²⁴² Sundling et al., 1988.

²⁴³ *Ibid.*

the same time, plan for their divestment. On the corporate level, there was an operational need for focussing quality, capital turnover, and cost efficiency, while still remaining very decentralized.

In the early 1980s Electrolux decided to implement a matrix-like structure, with (in the late 1980's) 26 product lines meeting 615 operative units. Units/companies active in only one product line reported to that product line ("single line companies"), units active in a number of product lines ("multiple line companies"), reported to Group Management, sometimes through the extended arm of management, i.e. the country management, if the country had such a function established.²⁴⁴ The product lines were classed under an "umbrella" of business divisions, mostly for communicative reasons; detailed business division results were not externally reported. The largest business division was white goods/household appliances/major appliances (the denomination varied over time; I will refer to it as the white goods division). The division supported the matrix through its "own" organizational structure, reaching across the product lines and companies in the division. In the white goods division three product (sub)divisions (Hot, Wet, Cold i.e. stoves and ovens, dishwashers, washing machines etc., and refrigerators and freezers), established a global manufacturing "network" of production facilities across the globe.²⁴⁵

The local marketing and sales companies in white goods, being at arm's length from the manufacturing units, had a complete customer-supplier relationship with the production facilities, and

²⁴⁴ Although the basic idea was to reduce the number of multiple line companies, the ongoing acquisitions, bringing in new companies, as well as geographic expansion, made that a distant target.

²⁴⁵ Electrolux never published an organizational chart describing this organization, neither externally nor internally. In the annual reports (as in other company material) very simplified organigrams were sometimes included, basically outlining a business unit dimension crossing a product line dimension, coordinated by Top Management.

were more often than not organized around one of the brands used on that specific market.

All white goods units (manufacturing units and sales companies) in a geographical territory also reported to a country manager, who had the legal responsibility for the activities in the country.²⁴⁶

This complexity, developed within the white goods business division, was not automatically duplicated in other businesses divisions. Contrary to this, most of the other divisions adopted an organization where the different units had more of a resemblance to conventional strategic business units, with a full range of responsibilities and functions. This created some conflicts between the divisions outside white goods and the corporate staff, since – following the organizational principles adopted in the late 1980's – the country management/organization (sometimes called the “country holding company”) was seen as the “extended arm” of the corporate staff structure. To the divisions outside white goods, having scaled down the country dimension, the efforts by the “country holding” to intervene in their local activities were not very well appreciated. The negative sentiments increased with the distance from the “core” of consumer appliances. According to one manager, in charge of aluminium products (usually seen as a business very different and far away from white goods), it was even seen as impossible for people whose main products were household appliances, chain saws and so forth to give any specific help with the strategy for sales of aluminium.²⁴⁷

²⁴⁶ It was not necessarily so that the country manager for the white goods division was the same person as the country manager for the Group. In some countries this was the obvious choice. However, in some large countries this was not the case. In these countries, the Group country manager was a senior executive, with a long experience of working in Electrolux and the national/local market. His (Electrolux had no female country managers in the 1980's and 1990's) role was to act as an “ambassador” for the Electrolux Group in relation to local authorities etc. In those cases the two country manager functions were separated, although some co-ordinating staff resources could be shared.

²⁴⁷ Lorenz, 1989.

Top Management: the good parents

The Electrolux organization featured all the characteristics of the matrix and inside the organization, the management had to struggle with the different problems associated with such a structure. At the time of the implementation of this matrix organization, the company was led by a leadership team consisting of three Swedes: Hans Werthén, Gösta Bystedt, and Anders Scharp. Although there was a formal division of responsibility between the three of them, they usually acted as a team, which was also very well perceived by the organization. This “troika”, led by Mr Werthén, also enjoyed a remarkable freedom of action from the Electrolux Board of Directors.

The management team was on the one hand very operationally oriented, with a deep understanding of the different business, but on the other hand capable of playing a different roles towards different businesses, a skill that Lorenz refers to as a practical display of the “parenting theory” developed by Ashridge Strategic Institute.²⁴⁸ The theory argues that the corporate centre should aim to be the best possible parent to each of the businesses in a corporate group of companies. In particular this relates to the position taken by the corporate centre in terms of encouraging (or discouraging) the different businesses to cooperate. In his series of articles regarding Electrolux, Lorenz describes this as applying different “parenting roles” towards the business units and division in the organization. In some cases, the corporate centre acts as a fairly distant “controller”, monitoring key performance indicators, but refrain from interfering in the operations, its strategy or tactics. In other cases, the corporate centre definitely took on a leading role, similar to a conductor, deciding what tune to play, what instruments to use etc. (i.e. strategic planning, resource allocation etc.). Finally, the centre could act as

²⁴⁸ Ibid. Cf. Goold and Campbell, 1987.

a good “coach” to the business units and divisions, giving advice and support, however never circumvent the operational decision making power of the unit management.

According to one Electrolux manager this was one of the real skills of Electrolux top management. In his role as CEO, Anders Scharp acted as a conductor towards white goods, for instance, as a coach towards the aluminium producing subsidiary and as a controller towards agricultural machinery. In essence, the Electrolux management took on different parenting roles, towards different parts of the business.²⁴⁹

Group Programs and matrix guardians

On the other hand, top management were decisively driving a few selected perspectives throughout the organization. In every operating unit, these rather one-dimensional key functional areas should be part of the management agenda. They were called Group Programs and were the same across the entire organization, focussed on quality, capital reduction, and cost-efficiency. Each of the more than 600 operative units was measured on its performance in these programs, and the key ratios of quality, inventory turnover etc. were given the same interest as the unit’s operating result and Return on Assets, subject to monthly reviews.

Group Management soon found out that there was a strong correlation between success in the Group Programs and excellent operational results; in fact the very same companies came out on top in each of the rankings of profitability, inventory turnarounds, quality, through-put time etc.

Even though behind closed doors the operational management expressed a certain sensitivity over the youth and perceived

²⁴⁹ Lorenz, 1989.

inexperienced of some of the young staff members involved in running the Group Programs, they acknowledged the value of the programs. Their measurability was a natural extension of the accounting and financial reporting system managed by the Group Staff Finance. Having its roots back in the 1960's and being gradually updated and refined, this system was the backbone of the organization, and no-one was allowed to deviate from it. Its accuracy and firm (sometimes ruthless) implementation allowed Electrolux to earn a reputation for fast reporting, and gave the management a possibility for rapid, and yet accurately informed, decision making.

Although the Group Programs and the matrix structure itself provided some excellent training opportunities for young managers, Electrolux, in the late 80's and early 90's, started a number of more formal Executive training programs. The participants were handpicked from the cadre of managers, and were between 33 and 43 years of age. This group of managers were considered a "corporate resource" and were jointly "owned" by the line organization and the corporate HR staff.²⁵⁰ Their careers and remuneration were discussed by both their local manager and corporate staff managers. The management development programs were replicated on a local/regional level.²⁵¹

The role of the Group Staffs can be described as keeping the inherently unstable matrix standing upright on its "tip", making sure that it did not collapse on one side; if the product line dimension grew to powerful, the group functions had to balance that, if it grew to weak, they needed to find ways of supporting it. In a

²⁵⁰ It may sound harsher than it was; the meaning of this 'ownership' was that as part of the selected group of managers, you were seen as a future potential top manager, not only by your immediate boss, but also from the corporate level. As a corporate resource you were considered to be an important part of the talent pool of the Group and you could expect a rewarding career. However, the inclusion in this group was always subject to performance reviews, and your status could be changed over time.

²⁵¹ Regan, 1994.

sense, the staff of the Group, together with the Group Management, acted as “guardians” of the matrix, and it required them to be able to in some cases pull harder (“centralize”), and in other cases to push decisions and responsibility out from the centre.²⁵² As a consequence, and to outside observers (and most likely also to some managers inside the organization) this behaviour could be seen as inconsistent and arbitrary – at times also displaying a monumental inability to recognize more than a few dimensions of a problem – but in essence it was replicating the parenting done by Group Management.

“Best practice managers”

In retrospect, it has been claimed that the Electrolux matrix organization managed to combine hands-on, swift, and flexible operational decision making with a multidimensional structure, only because people wanted it to. This begs the question of why the managers should want it to.²⁵³ In an interview for the Electrolux internal management magazine, Leif Johansson, CEO, notes that Electrolux has always combined central strategies with decentralized management. This can be seen as giving the individual manager the best of two worlds: the freedom to act, but a powerful framework to lean on for resources, advice and guidance. However, decentralization required some conditions to be fulfilled, in order for it to work properly, and “independent and competent managers” was at the top of the list.

The quality of management was addressed at an internal

²⁵² Gottlieb, 2007:52, in using the term matrix guardians, writes that “highly matrixed organizations need this matrix guardian or matrix manager to ensure that collaboration was facilitated between the project teams and the functional departments. This person also needs to be ‘fireproof’ to ensure that his or her actions are not hindered by stepping on political toes.”

²⁵³ Lorenz, 1989.

management meeting in January 1992, in Atlanta, U.S.A., where Johansson started his speech by noting that among the different companies in the Electrolux Group, a selected few seemed to be capable of showing excellent results and progress.²⁵⁴ This was the “best practice management”, and he estimated this group to represent about 25% of all managers in Electrolux. “I do not think that we can [...] teach these best performance managers very much”, he said, but pointed at the same time at the group of managers and management teams lagging behind in their understanding of the strategic importance of addressing the Group-wide programmes on a local level. He then continued to reflect on the size of the changes necessary in the programme:

If we look at the number of people who can really influence the quality and [other] projects we are probably talking – around the Group – of about 3 000 people. This group here today, the 90 to 100 of us, needs to get to about 3 000 people and obviously most of all to the 1500 managers [in the group below the group of “best practice managers”] who really need help and help them to learn from the 25% that is really doing excellent, to make the excellence jump from one company to another within a product line or within the country. [...] The challenge for us in this room is to make our programs effective to the 3000 people who can influence quality, inventory reduction and the other Group projects.²⁵⁵

²⁵⁴ This, and the following quotations, are from my personal notes from attending the meeting.

²⁵⁵ He is probably referring to a cascading model for change – and control – where the 90 attending top managers should target the 3 000 managers at the next level (a ratio 1:35), and by reaching them, the remaining 156 000 employees could be reached (a ratio of about 1:50). It is interesting to consider whether this was judged to be a sort of “span-of-control” in a management position in Electrolux. At this point in time, Johansson probably himself had about 35–45 managers reporting directly to him.

Finally, he addressed the main obstacles that prohibited managers from developing into “best practice managers”. The list included lack of communication, target, clear priorities, clear vision etc., and he expressed a strong wish to consciously find ways of improving these deficiencies. Through the notion of “best practice managers” in Johansson’s speech and by specifically emphasizing the responsibility of each manager to actively promote learning and sharing of experiences and knowledge, he communicated his view on the desirable behaviour of a manager in Electrolux.

“An impossible organization”

However, Electrolux never managed to fully reach the profit expectations in their core business activities and in the mid-90’s this led to changes in strategy; finding new ways of “going to market”, branding and eventually to new organizations and divestment of non-core businesses.

Was the matrix structure in any way responsible for the weak performance during the 1990’s? Undeniably, it was a very complicated and in many ways very sophisticated structure. It can be claimed that the matrix structure showed an inability to respond as rapidly as needed, and in that sense added to the list of shortcomings of the Electrolux organization. This in combination with changes in the markets and the development of a fierce competition eventually introduced a need for organizational changes, this time (and in a similar way as in the case of ABB) away from the matrix. Nevertheless, in the 80’s, many still thought the Electrolux matrix functioned well and was appropriate. Why did it work? Lorenz found some indications, which also resonate well with my experiences.²⁵⁶

²⁵⁶ Ibid.

Firstly, although the colossal size of the total Group (156,000 employees, operations in 95 countries, more than 600 operative units), the nucleus of the organizations, the business units, remained small. Business units usually consisted of a company with its own balance sheet and profit and loss account, and working in a smaller market (usually inside a country).²⁵⁷ This not only motivated the management involved, it also gave senior product line management and the corporate head office a clear view of each of the units' performance.

Secondly, the organization had the ability to balance global co-ordination and scale efficiency with continued responsiveness to national differences, without creating large bureaucracy. One way of doing this was through the assignment of co-ordinating roles (for functions, group programmes etc.) throughout the company, thus avoiding excessive centralization, overloaded headquarters, and inflexible formality.

The parenting ability of the management and staff, already discussed, was another reason for the functioning of the structure, and this was combined with a strong corporate value that it was everyone's responsibility to make the matrix work. An Electrolux manager explained that it was not quite proper to fail to reach an agreement with a colleague and all emerging conflicts should be rapidly addressed and solved.²⁵⁸

It has been proposed that another factor also greatly helping the combination of hands-on management and a matrix structure to work, was the consensus and participative-oriented approach.²⁵⁹ This was sometimes not totally appreciated, and sometimes accused of fostering a management style seen as indecisive and vague.

²⁵⁷ The exceptions to this obviously were the large manufacturing facilities, highly specialized and servicing all markets.

²⁵⁸ *Ibid.*

²⁵⁹ *Ibid.*

Further, although many activities and structures were put in place in order to obtain a truly international management, and promote executives due to competence and not nationality, there always remained in the organization a deep suspicion that only if you were Swedish, would you be considered for the top jobs.²⁶⁰

The Electrolux matrix organization did not survive the period of change and transition in the late 1990's. However, even without the change in the strategic agenda, the matrix structure adopted carried its own inherent problems that had the potential to seriously harm productivity and efficiency, eventually making the combination of a swift and simple decision making process incompatible with a multidimensional structure.

The first problem for the matrix structure was the question of size. Over a decade, Electrolux had multiplied its size several times, both in terms of revenues and employees. Continuing that growth, the company rapidly approached a situation where an organizational structure with few tiers was no longer viable. New "intermediary organizational levels" (sometimes called "multiple corporate centres", "sectors" or "hubs") were suggested as the possible next step. However, any real (not superficial) transfer of part of the central financial control to a new intermediary structure would establish an additional level of consolidation, between the operative business unit and the corporate level. According to Lorenz, this would seem to have a negative impact on transparency to top management – a key principle of the Electrolux style of corporate parenting.²⁶¹

Secondly, the country manager's role was a constant area for debate and conflict. As previously noted, the concept of a "country manager" was used both within the largest product lines, in order to co-ordinate their activities in a country, but also

²⁶⁰ Ibid.

²⁶¹ Ibid.

used by the Group, in order to co-ordinate group activities. Aside from the semantics, the solution essentially promoted conflicts between the two co-ordinating structures. In some countries these conflicts were solved through the management's commitment to finding solutions, in other countries the conflicts developed into deep and destructive "warfare".

Despite this, part of the problematic position of country managers was his/her responsibility to support both the Group and the local country. On the one hand, the consolidated national accounts (for tax and legal purposes made in each country) were the responsibility of the country manager. There were many ways of influencing the financial result shown on this level of consolidation, both positively and negatively. Some country managers were even reluctant to allow the national sales company to promote and sell products from abroad instead of alternative products from local units, since that would negatively impact country profitability.²⁶² On the other hand, the country managers were always invited to participate in bonus schemes, option programs etc., programs that were related to Group performance.²⁶³ The issue of defining the role of country managers would haunt the Electrolux organization for the decade to come, and absorb a lot of management energy and commitment.

The third problem area was the extremely high degree of personal involvement from the leading personalities in Group management. One large challenge was to – in the advent of management succession – find executives with similar capabilities and interests. The question for the Board and (on next level) the Group Human Resources Staff was whether it was at all possible

²⁶² Ibid.

²⁶³ In many cases the performance bonus was based on a combination of local results (performance of the national units), global or corporate results (on product line level or – when applicable – on Group level) and personal performance objectives (often related to the group programs such as inventory reduction).

to find operational managers with the same in-depth knowledge and approach as the Top Management in the late 1980's and early 1990's, a team that by and large had created the Group, and had extensive experience of alternative organizational solutions, and thus knew the options.

Not understating those important issues, Electrolux remains an example of the possibility of (at least at some scale) combining a basically multidimensional structure with successful management of challenges that present themselves as mostly one-dimensional and where swiftness of action and use of simple heuristics and simplifications in decision-making is necessary.

APPENDIX 2

PROBLEMS ADDRESSED IN THE SEMINARS

The format of the problem solving seminars was used to address 30 business related problems in a handful of organizations during 2001-2005. Of the 30 cases, 14 are included in this investigation. The full list of problems discussed included the following (without ranking):

- How to develop the Italian sales company in terms of resources, action plans, incentive schemes etc.)
- How to grow the North American production facility
- Proper procedures for introduction of a new product concept
- How to integrate forward into complete products positioned at the low end of the market
- Critical content in a pre-acquisition plan (how to prepare for an acquisition)
- How to establish a Group-wide Key Account System
- How to improve the R&D-process in order to meet specific targets
- Action plan for forward integration into systems selling
- How to exercise leadership in a virtual organization without own resources
- Plan for revitalizing the sales organization in Scandinavia
- Ways of increasing sales force efficiency in the American sales organization
- Five year plan for growth in Asia – organization and leadership implications

- How to manage growth with a high specified product/system in the European market, using a “lean” organization.
- Action plan for growing a new business line in Germany
- Strategic plan for growing the service operations in the Netherlands
- How to balance growth in the UK service operation
- Strategy for developing the industrial service business
- Organizational setup in the UK production plan
- Ways of measuring the efficiency of an end-user marketing campaign in Latin America
- How to organize experience/application sharing in the sales & marketing field across Europe
- Ways of organizing the interface between product division and local sales company, with focus on the smaller sales companies
- How to change management focus from a “turn-around situation” to a “growth situation” in an European subsidiary
- Decisions on dual branding in North America; post-acquisition integration
- How to manage a turn-around in a service company
- Action plans for continued growth into new segments in a country in Pacific Asia (when market growth is slowing down)
- Post-acquisition growth – how to plan for and realize growth opportunities in the acquired unit.
- How to integrate newly acquired units, in two situations: new product/market, existing product/market
- How to fight back a “born again” global competitor.

APPENDIX 3

ADDITIONAL NOTES ON PLANNING, CONDUCTING, AND DOCUMENTING THE SEMINARS

In this Appendix, a more detailed description of the planning, conduct and documentation of the seminars is provided.²⁶⁴ The Appendix will comment on:

1. How the original problem was selected and prepared in advance of the seminar
2. The schedule applied to each seminar, as well as a description of the key steps in the discussions
3. The different roles in managing the seminars
4. The actions immediately following the seminars
5. The guidelines for documenting the seminar.

²⁶⁴In order to plan, conduct, and follow up the meetings, an extensive set of guidelines was developed and applied in a similar way to all the problem solving seminars. The guidelines included:

1. Templates for internal communication
2. List of key documents and their distribution in the respective organizations
3. Selection of facilitator (profile)
4. Selection of meeting secretary (profile)
5. Work manual, secretary
6. Selection of participants
7. Guidelines on participants' Curriculum Vitae
8. Checklist for venue, conference room, facilities etc.
9. Template agenda
10. Guidelines for selection of problems
11. Manual for problem owner
12. Process description
13. Guideline for documenting the seminar and format of documentation
14. Evaluation form

Selection and preparation of the original problem and the participants

The problems selected by Group Management for discussion in the seminars should represent “real” and relevant business issues, facing the organization and that needed to be solved (their appropriateness in illustrating theories or models was deemed totally irrelevant). They should also represent issues of strategic importance or on high operative level, where key decisions will be made shortly after the seminar. “Ownership” of the problem should be established, and a manager (participating in the seminar) should already have been given the responsibility of addressing the issue.

Group Management would be represented during the seminars, but in a passive role, allowing the other participants to openly discuss and question the issue, without having to take perceived or real limitations or restrictions into account. This included prevailing organizational policies, strategies or guidelines. It was also important to clarify that the presenter (i.e. the problem owner) was not evaluated on his or her performance in the seminar.

The participants were not selected in order to reflect any “expertise” or singular experience related to the problems that were discussed. Neither were they expected to undertake any particular preparations prior to the seminars, besides reading the brief written by the designated problem owner.

The problem owner, together with the facilitator, the appointed meeting secretary to the seminar and often members of Group Management, was responsible for preparing the meeting. This included:

1. Writing a short presentation of the problem, to be distributed in advance to the participants. The layout of this document (about 600 words) should look like this:

- i. Background, outlining the factual situation (illustrated with some key numbers etc.) and also presenting the driving forces behind the actual situation as well as the leading stakeholders
 - ii. Main considerations and restrictions, based on the problem owners own insights
 - iii. The problems owner's definition of the problem the workshop should address
2. Preparing a 20 minutes verbal presentation of the problem, basically elaborating on the written presentation
 3. Preparations needed to participate in a "question and answer" session, following the presentation. The problem owner was invited to bring additional background material to present if necessary in this session

The written presentation, as well as the verbal presentation and the background material used by the problem owner were made part of the documentation of the workshop. The problem, as stated by the problem owner in this material, constituted *the original problem*.

Agenda for a three-day seminar and format of the process

The seminars were not held at company premises, but at different venues, often chosen because of the convenience of reaching them from different parts of the world.²⁶⁵ The meetings lasted

²⁶⁵ Of the 14 workshops included in this study, most were held in the UK on locations close to Heathrow Airport. The remaining workshops were held in Sweden.

for three days, and if a participant for some reason had to leave the seminar (even overnight), he or she was not allowed back into the meeting. The physical arrangements (room setup and furniture, breakfast, lunch and dinner breaks, break out rooms, equipment etc.) were prepared according to a predefined checklist, applied in the same way in every workshop.

The first day of the workshop was used for internal company matters, for introducing the seminar and for lectures from external speakers, on subjects related to the cases that were to be discussed. The speakers represented both academic and (to the companies external) business experiences. The purpose of the first day was however also to get the participants acquainted with each other and with the facilitator and meeting secretary and make sure that any pressing business issues were addressed before the discussion of the cases commenced.

The remaining two days were spent on discussing two cases, allocating about equal time to them. The first case was introduced in the evening of the first day by the problem owner, making his presentation and initiating the “questions and answer” session. This evening session usually lasted between 7 p. m. and 10.30 p. m.

Day two started at 8 a. m. when the discussions continued. The second case was usually introduced during the late afternoon of the second day. Discussions continued into the late evening (sometimes interrupted by a social event in connection with the dinner). Day three was used for concluding the second case. The workshop was finished around 4 p. m. on day three. Besides the set time for starting and finishing the workshop, the actual time spent on different phases in the discussions could differ between meetings according to what the facilitator felt was necessary to conclude the case. This was typically decided during the workshop and based on perceived group dynamics, “creative flow”, arising conflicts etc. This design meant that between 5 and

8 hours were used on each case. Each case was discussed following a pre-decided format with three distinctive phases: presenting the problem, (re)formulating the problem, and finding solutions.

Presenting the problem

The group had already been introduced to the problem through the written brief distributed in advance. They were now introduced to the workshop format, and again reminded that this was a genuine business problem that the problem owner was facing and also had the authority (and responsibility) to act upon.

Following this introduction the problem owner made a 20 minute presentation of the problem to discuss, based on the written document and using some additional material. It was important to allow the problem owner to complete his presentation of the case and the original problem with as few interruptions as possible, so only factual questions from the audience were accepted.

(Re)formulating the problem

In this phase the group members confronted the problem owner with any questions they might have concerning the problem, thus “digging” into the problem even deeper than the problem owner alone has been capable of doing. The participants were encouraged to use all relevant experience, not only from their present jobs, but also from other companies, other training sessions, even from their hobbies or personal experiences (this is something they were encouraged to do in the introduction to the workshop in the first phase). If this “digging” was properly done, it could either reinforce the original perceptions or add different (and new) perspectives to the problem statement. During this phase no attempts from the group to voice solutions were tolerated. The problem owner could however introduce additional

information as a response to the questions. This could be in the form of statistics, customer surveys, competitor information, financial reports etc.

The group usually found it necessary to reformulate the original problem as a result of the discussions in this phase, since the possibility to see and discuss the situation from a variety of perspectives (represented by different experiences, insights and backgrounds) enabled the participants to better understand what a problem was really about. This was also one reason why it was so important that the participants were committed to asking questions to the problem owner in order to get a better understanding of the original situation (in spite of possible elements of embarrassment or personal loyalty). The discussion served the purpose of forming a consensus within the group as to what the originally stated problem was actually about. This constitutes the “reformulated problem”, and it was put in writing before moving to the next phase.

“Solving” the problem

During this phase the aim of the discussion was to come up with different solutions/recommendations to the problem as defined in the discussions (i.e. addressing the reformulated problem, which could be different from the original problem). Creativity was encouraged, and usually a broad variety of solutions emerged. Focus was however always on presenting tangible and hands-on solutions that the problem owner could bring back to his or her part of the organization and use. It was also important that the problem owner was given advice regarding how to prioritize between different activities as well as discussing possible risks and how they could be avoided or managed.

The solutions were to be seen as recommendations, and the problem owner would never be asked to make a decision on

what to do and how to proceed, but be left with the opportunity to bring the proposals for decision according to the ordinary procedures and authorities in the company.

Management of the seminars

Keeping the discussions inside the pre-decided format was one of the facilitator's key tasks. The facilitator should also make sure that the climate in the group was such that the discussions were energized and vivid and creative, yet at the same time structured. One of the responsibilities of the facilitator was to bring forward all available and relevant experience in the group of participants, and in doing so encourage a climate of dialogue, where the participants move between the roles of explaining and presenting ("teacher") and listening, debating and learning ("student").²⁶⁶

In order to do this, the facilitator had a "toolkit" of different techniques to be used, one of the most commonly used being to switch between plenary discussion and group discussions, where the discussions continued in smaller groups and then were reported back to the big group.²⁶⁷ The major role of the facilitator was however to manage the energy in the group, and leverage additional input, reorganization of the discussions, exercises (like role play, stakeholder dialogues etc.), and models (e.g. SWOT-analysis) etc. to infuse energy into the discussions.

To each seminar a meeting secretary was appointed, and he/she worked closely together with the internal program responsible in the company, a position typically given to the Group Human Resources Director. The meeting secretary served as a

²⁶⁶ The roles of teacher and student were introduced to the participants in the beginning of the seminar, together with the role of the facilitator, the meeting secretary and the representatives from Group Management.

²⁶⁷ The actions of the facilitator were recorded in the documentation from the workshops.

liaison to the facilitator, just as the Group HR Director ascertained a good cooperation and transparent information flow to top management in the company.

After the meeting

All material produced before and during the meeting (overhead slide presentation, flipcharts etc.) was – together with the documentation made by the secretary – brought together and constitutes the case documentation. This was later distributed to the participants.

The workshops were also evaluated and the participants' comments on relevance for their own business, quality of participation etc. were collected and shared with Group Management of the company.

The problem owner brought the recommended solutions back to his own organization for discussion and implementation. In one of the participating companies a routine was established where the recommendations were discussed at the next following Group Management meeting (typically within 2–4 weeks from the workshop), and the problem owner was sometimes invited to make the presentation and add his or her own evaluation of what to do.

The outcome of the workshop and the recommended solutions were regularly reported back to subsequent workshops in the actual company.

Guidelines for documenting the seminars

The appointed meeting secretary was responsible for putting together the documentation from the seminars (including minutes, material produced in the seminar as well as the material distributed in advance). The minutes were written during the

seminar, usually directly into a computer (although afterwards complemented from handwritten notes made). The discussions were not recorded on tape, but in some cases the meeting secretary on his own initiative made a recording, for reference purpose. All material produced in break out groups etc. during the seminar was immediately given to the secretary, in order to be included in the documentation.

Writing the minutes was a demanding task, and required a concentrated mind. Only the plenary sessions were documented in the minutes, but that could in a single case amount to 4 to 5 hours of discussions, and the end result was extensive and lengthy notes. In order to facilitate the work of the meeting secretary (and to be able to have a profile to use for selection of the secretary) some guidelines were established.²⁶⁸ In the following these guidelines are quoted in extension (translated from Swedish):

Why minutes from the seminars?

As part of the seminar format, the discussions are carefully documented. This is a complement to the personal notes that each participant is expected to take.

The minutes are not only a reminder to the participants about what was discussed. They can also serve as a way of further structuring the discussion, for example through reading minutes from several discussions over an extended time, where different problems were addressed. Through asking questions about commonalities in the discussions, in the problems discussed or how similar problems are viewed from different perspectives, new knowledge can be gained. The minutes and documentation will become part of the knowledge capital and “knowledge

²⁶⁸ Besides myself, other persons acting as secretaries during the seminars listed in Appendix 2 were Göran Liljegren, Thomas Lindstedt, MTC, and Staffan Åkerblom, IFL.

management” of the participating companies, and hence there are some requirements on their format.

What the minutes are not

The purpose of the minutes from the discussions is not primarily to record decisions, division of responsibility or action to be taken. Neither are they word-by-word transcripts of the conversations held (such a transcription is usually very difficult to use, since a conversation often is perceived as more structured and logical than a word-by-word account would show).

The minutes should be a good representation of the learning process of the participants during the seminar, and it should follow the different steps in the discussions (this is a minimum requirement). In this sense, the minutes become an edited representation of what happened in the meeting, where the meeting secretary has a potential to influence the final result. Hence it is important that the frame of reference of the meeting secretary is transparent, as well as his/her role and responsibility in the seminar. A meeting secretary, new to the participants, should always introduce himself/herself at the beginning of the seminar and in particular indicate theoretical or practical experiences that could have an impact when editing the minutes.

Qualitative requirements

1. The minutes shall reflect what was said during the seminar, i.e. all important views and discussion shall be extensively included, and not only confined to the conclusions reached.
2. It shall be possible to, from the minutes, get an understanding of the thought process that lead the participants to the

conclusions. This means that all reports from breakout groups etc. shall be included (only very carefully edited; basically only correcting spelling mistakes) and the logical reasoning when making presentations and arguments shall be reported with high fidelity. The same is applicable to other flipcharts, OH-slides and material produced during the seminar.

3. The minutes shall include arguments and discussions, preferably using direct quotations and indicating source ("who said it"). It shall be easy for a reader to follow the discussion, the flow of questions, answers etc. It is not always easy to see in advance how a particular discussion brought the main issue forward to a solution, but it is of the utmost importance in order to later understand the process, and will contribute to a deeper understanding of the meeting.²⁶⁹ In particular, it is important to in this way record comments that deals with:
 - a. Questions
 - b. Perceived problems
 - c. Solutions
 - d. Examples and cases

As meeting secretary it is also important to be sensitive to important "milestones" during the seminar, i.e. situations where (suddenly) a consensus is reached, or when a different – and decisive – way of thinking is introduced etc. Through carefully documenting the context surrounding this milestone (who talked, what was said, who were the first to agree), it is in hindsight possible to get a deeper

²⁶⁹ This means that it was important to include also discussions that were not immediately leading to the conclusions; the "mistakes" and "dead ends" were equally important to record.

understanding of the group dynamics and processes, the perception of "right and wrong, good and bad", accepted language, ways of presenting an idea etc. in the specific corporate culture.

4. The minutes shall be organized in a format where all the steps in the seminar logic are easy to identify. This can in some cases require a change in the chronology in the minutes compared to the flow in the seminar. Such changes should be clearly indicated in the minutes.
5. The meeting secretary can in the minutes include own personal reflection. This can be concerning alternative approaches, references to theoretical or other external sources. It can also be reflections on the process; observations, things that seem puzzling or strange etc. Should the meeting secretary make such remarks, it should always be transparently indicated in the minutes.
6. The minutes shall be written in good English, correctly spelled and having a graphic layout that facilitates overview and transparency.
7. The minutes shall always contain the following:
 - a. Participants
 - b. Facilitator and meeting secretary
 - c. Problem owner, date, venue
 - d. Note on confidentiality and distribution

Slides etc. can be included as appendices, but important presentations shall be presented in their context in the minutes, in order to facilitate understanding and overview.

8. The language used in the minutes shall as far as possible replicate the dynamic in the meeting, the development of the process and the energy in the group of participants. If needed references to the ambiance of the venue, colors, weather and temperature, sounds etc. should be made. If the meeting secretary makes personal remarks and reflections in the minutes, they too should reflect this ambition. The objective is to give a reader a sense of actually participating in the meeting.

The basic requirements of the minutes are expressed in 1, 2, 4, 6, and 7. The requirements under 3, 5, and 8 are depending on the skill and experience of the meeting secretary.

Distribution

The minutes usually include information and statements which taken out of context can be both misunderstood and misinterpreted (if this is not the case, the minutes are probably not up to the requirements). Hence it is important that the most exposed person in the seminar, i.e. the problem owner is given the opportunity to read the minutes before distribution. The minutes are never distributed to persons not having participated in the actual seminar.

In order to keep its freshness and nuances, the meeting secretary shall write and edit the minutes within 5 days of the seminar.

APPENDIX 4

DETAILED OVERVIEW OF THE 14 PROBLEMS INCLUDED IN THIS INVESTIGATION

All together 30 problem solving seminars were conducted according to the format described; 14 of these seminars were selected to be included in the empirical material. The discussion of these problems involved multidimensional issues and included different perspectives and/or priorities. On the following pages the 14 cases are summarized under three headings:

1. *The original problem*, as it was presented by the problem owner and an overview of the background to the problem
2. *The reformulated problem*, following the discussions during the seminar and a brief summary of some of the priorities and perspectives introduced into the process by the participant
3. *The recommended solutions and comments* from the secretary, documenting the seminars, or from the facilitator

This material should not be confused with the documentation used as empirical material in this investigation. The table is constructed solely for the purpose of giving the reader an overview.

Case 1

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
<p><i>How to use local market knowledge in further developing the application sharing in the European division?</i></p>	<p>The division management looks for different ways to broaden the use of the application sharing process and specifically asks questions like <i>how to get the requirements from local markets into the process, who should drive it and what criteria should be used to deem an application to be "qualified" in order to be entered into the system?</i></p>	<p>It is important to establish a procedure for judging the value of a system such as this, in relation to the costs it will incur. As long as it is a very simple briefing system, it may not be that costly, but once more elaborate reports are asked for (not to mention physical meetings), local companies would start questioning the initiatives, since their impact on the bottom line is not immediately seen. Top management must buy in to this solution and allow the divisions to absorb the costs.</p>
<p>Background: In one division the European operations try to establish a format for application sharing, not only on technical level but also from a customer perspective. This means that interesting applications are picked up by the central marketing function, then packaged and rolled out. In order to support this experience sharing, an IT-based case data base has been introduced in Europe. Some countries are very good at submitting information, others not.</p>	<p>Priorities and Perspectives: First it is important to understand whether there is a Group wide need for this type of system or not, and also if application support is different in different markets. Is this one system for all, or different systems in different markets or in different divisions? It may be crucial to align the systems level with the level for strategic planning and market planning (i.e. if marketing plans are done on divisional level, the system</p>	<p>Comments: At first glance this issue looked as an IT-related problem on a mostly technical level, with a few behavioral ground rules that needs to be established. But in a multidimensional structure, an experience sharing system serves other purposes than the obvious one of spreading information: it is also a process for connecting people on business level and a way of involving them in a joint process of analysis and discussion of value creation from</p>

Case 1

	<p>should be divisional. In this context it is useful to consider what the benefits of application sharing are – and if you get paid for doing it and/or if it creates a competitive advantage or provide added value added to the customer.</p> <p>Secondly, it should be clarified whether the responsibility for application sharing is part of the every-day management tasks, or if it should be driven by additional incentive schemes etc.</p> <p>An application sharing system could have different aims on different levels in the organization. On Group level, it could be a vehicle for further growth, on divisional level it could help prioritizing and creating first-mover-advantage, and on the individual company level it must be seen as giving a good support.</p>	<p>an external perspective. With this in mind, it can be discussed who should carry the cost for the system – the central or the local level in the organization.</p>
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Case 2

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
<p><i>How to work with the sales force on non-standard products?</i></p>	<p><i>The problem is the unclear strategy, which gives no direction to sales; they sell what the customer asks for, which basically is non-standard products.</i></p>	<p>The chosen strategy must be supported from (Group wide) systems and processes. There should also be a process owner of the sales process, asked to integrate with production. Finally, there is a big need for sharing experience and getting access to a knowledge base regarding how to solve these non-standard constructions across the Group.</p>
<p>Background: The manufacturing plant in the USA has entered into a vicious circle. The customer specifications become more and more complex and require customization, even within areas where there really is little knowledge internally. This has led to extended lead times and quality problems, resulting in lower competitiveness.</p>	<p>Priorities and Perspectives: There is a need for a strategic assessment of where the business should be going. If it is decided to focus more on customization, systems such as the Group accounting system must be changed accordingly. Today it does not support moving into this type of customized production.</p> <p>There should also be a discussion regarding how to coordinate sales and production on the US market, as well as dealing with some bottlenecks in the production units.</p> <p>The process going forward into building complex systems is a move on the learning curve, and this should be facilitated with all Group experience from similar changes in strategy.</p>	<p>Comments: "We had the same experience when we started to produce a new line in Europe. We just did not work as a group!"</p>

Case 3

The original problem: The problem owners own formulation and background presented	The reformulated prob- lem and discussion of priorities and perspec- tives to consider	The recommended solutions and comments from the secretary/facil- itator after the seminar
<p><i>How to develop a market for low-end products in the USA?</i></p>	<p><i>Who should drive this development effort?</i></p>	<p>Facilitate sharing of information between markets as part of corporate initiatives and review of product differentiation.</p>
<p>Background: The US operation has taken a development initiative. A new market segment has been identified, where solutions in the same area as the organization is presently working are in demand, however using a less sophisticated, and cheaper, technology. The market for this low specification/low-price product seems to be fairly large and the question is how the US organization (both involving the manufacturing and sales unit) should capture market shares in this segment.</p>	<p>Priorities and Perspectives: The market for this low end product is not specific to the USA, but it is a global business, with similar products produced and sold (by the competition) in Asia, Middle East and Latin America.</p> <p>The company has previously taken the strategic decision on Group level not to use this technology, among other things because it is afraid of competing with its own customers.</p>	<p>Comments: It turned out that this product already was produced inside the Group, but in another region of the world. The development has been driven without the knowledge of the corporate organization, and that raised the question: "are we better at development through skunk-work or through well-organized efforts?"</p> <p>It was noted that inside the regular business, there were no meetings, foras or discussions where this "learning" of what was going on in other geographical regions would have been shared between the organizational units.</p>

Case 4

The original problem: The problem owners own formulation and background presented	The reformulated prob- lem and discussion of priorities and perspec- tives to consider	The recommended solutions and comments from the secretary/facil- itator after the seminar
<p><i>How to for the first time run an end-user directed campaign in one market?</i></p>	<p><i>What is the proper way to evaluate the campaign and who should do that and make the decision to go ahead? What criteria should be used to measure if the campaign was successful or not?</i></p>	<p>This should be referred to as a Group "experiment", and it should therefore be monitored by the Group, in order to get maximum learning from it. In doing so, the Group should also assume some of the risks, thus ensuring the long term stamina to really drive this experiment to its end, in order to learn as much as possible. This also requires that methods for disseminating experiences inside the Group are devised.</p>
<p>Background: In one of the Latin American marketing companies, management has identified an opportunity to sell replacement parts for a product mainly used by households directly to the end-user, and thus circumvent the distributors. This has not been done before, and the action plan from management included TV advertising, direct promotion and establishing a different relationship with the distributors. On Group level something similar to this has never been done before, and</p>	<p>Priorities and Perspectives: There are different risks involved in this activity:</p> <ul style="list-style-type: none"> • Risk of awakening competition • Risk of altering (negatively) the perception of the product • Risk of diverting management focus • Branding risk (introducing the brand to a new target group) • Possible conflicts with distributors <p>Some of these risks should not be taken on a local market company level, but should at least be shared with the Group.</p>	<p>Comments: If organized in the right way, the multidimensional organization is a great "learning machine", where experiments can be conducted confined to one market or area, and then rapidly disseminated throughout the structure. This will however require a (Group) management intent to do so, and a willingness to take on some of the risks with experimenting, risks that may be far too large to take on for a single company, but acceptable on Group level.</p>

Case 4

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
there is very little knowledge of consumer marketing inside the global Group organization. In addition there is little or no brand perception of the corporate brand among the end-users (the households) in the actual market.	Thus this is not only a local project, but an activity where the Group must be closely connected.	

Case 5

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
<i>How to leverage cross-organizational opportunities and support in developing the service division in a country?</i>	<i>How to benefit from being part of a global Group in providing employees with a career in an otherwise very flat organization. How to be competitive on the job market and attract the best people? How to find accurate reward systems?</i>	The recommended solutions included: <ul style="list-style-type: none"> • Improve the "internal job market" inside the Group, and include different countries etc. • The management training offered on Group level should be part of the career planning • The issue of stock options schemes and other incentives based on Group performance need to be addressed. All divisions must be included in this. • Support must be given by the Group HR, in areas such as benefits reports, succession planning and

Case 5

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
		<p>performance appraisal. Proactive actions must be initiated by the Group.</p> <ul style="list-style-type: none"> • The Group need to clarify what it means to work for the company (what makes us special); a good story should be developed and communicated.
<p>Background: The service division was started as part of a product sales division. In that formation, it had to struggle with seasonality and volume fluctuations, and only about 1/3 of the volume was stable over a year. That had serious consequences on the ability of attracting and retaining staff.</p> <p>In order to deal with this situation, the operation was established as a separate division, and started to expand into new segments, develop new businesses and focus on up-grading the technical knowledge of the staff. In the service business the logic is about selling hours, and the more hours the company can sell, the more money it will make.</p>	<p>Priorities and Perspectives: The service division is an important part in the total value proposition from the Group, and thus it cannot be completely independent of the other divisions. This has implications on organization, business development and things such as reward systems and career opportunities.</p> <p>The fact that the division is part of a large Group however creates some opportunities, not the least of which in terms of alternative careers in other divisions.</p> <p>In attracting the talent market, the full range of opportunities inside a larger Group of companies could be used, which however means both restrictions and opportunities.</p>	<p>Comments: In creating loyalty, it is necessary to leverage the international, multi-cultural and multi-business Group organization. The possibility to create long term loyalty in relation to only one part of the business is limited. Loyalty is created in numerous ways, including through succession planning, performance appraisal, training and development and reward and incentive systems. All these actions require support and direction from the corporate organization. Although most people will never move to work in another country or move to another division, the possibility should be communicated and used as an advantage in working for this company.</p>

Case 5

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
Retaining people – who often develop personal relationships with the customers – is thus of paramount importance, and the service division has experienced a lot of problems related to this.		

Case 6

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
<i>How to integrate Key Account Management into a global organization?</i>	How should a structure supporting a Key Account Management system be developed?	A global task force should be established for this and the starting point must be to rank the attractiveness of global accounts. Some criteria for selection of attractive customers are: <ul style="list-style-type: none"> • Volume • Continuity/repetitive buying • Having a global base (or potential for a global base) • Good communication channels and already known • Having an understanding for the needs of the supplier to be profitable • Providing growth opportunity, either by its own business or through serving as a reference

Case 6

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
<p>Background: The Key Account Management system developed in the US should be implemented globally, driven by the expectations of large and global customers, who are consolidating and getting more centralized in their purchasing. In that process their demands are changing:</p> <ul style="list-style-type: none"> • They want after sales service worldwide • They look for standard warranties and terms and conditions globally • They expect one set of price levels (worldwide pricing agreements) <p>Presently the company does not have this structure in place.</p>	<p>Priorities and Perspectives: A global Key Account Management system will require good inter-country communication inside the Group. The customer does not care about the internal structure or organization of customer interface – he approaches the contact that can serve him best. The internal communication between countries and regions should deal with issues such as cultural differences, internal cost structures, account systems for follow up and a global product portfolio.</p> <p>There is a different tradition in how you “go global” between American and European companies. Thus different global customers may have different models, and a supplier needs to learn from this.</p> <p>The concept of a global Key Account Management system must be measured against the (global) strategy. The company has to come to terms with the meaning of “global presence” – sometimes the expectations are so high that it is impossible to meet them.</p>	<p>Comments: Implementing a Key Account Management system across the organization is something that can stir up a lot of emotions. There are issues of power and control related to this, but also issues of self-perception: do we have the critical mass? What do we mean with global?</p> <p>Global customers are asking for new delivery systems, and the supplier needs to be clear about what he can deliver – what product, with what service, at what price and where? It is important that a local company understands the potential damage it can cause by doing things differently.</p>

Case 6

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
	<p>If a procedure is established in one company and in one customer segment/industry, then mergers and acquisitions can lead to this solution turning up somewhere else, or that the customer suddenly expecting the same service on very different scale.</p> <p>Sometimes key account management can even be a ballast for the business – how much can really be gained from the global customers?</p>	

Case 7

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
<p><i>How to build critical mass in a manufacturing unit serving more than one division?</i></p>	<p><i>What can/should unit management do to survive – and is there a future for the unit as an independent unit?</i></p>	<p>Apparently two issues need to be addressed:</p> <ol style="list-style-type: none"> 1. How to create a "fit" between this manufacturing unit – as it is today – and the Group structure 2. How to install pride, commitment and drive in the local organization, in face of losing a number of functions and resources.

Case 7

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
		<p>Regarding "fit", the recommended solutions included: (a) identify the role and position of this specific product in the Group, (b) assign the responsibility for developing the unit to Group level, (c) look into issues such as dual branding and distribution.</p> <p>Simultaneously (to deal with the "morale" dilemma), the local unit management should look into business development initiative in order to improve volume, and do that without waiting for the issues to be solved on Group level.</p>
<p>Background: This manufacturing unit was part of an acquisition, and at that time it was left by itself, with no efforts to integrate it in the Group. Products were sold through own distributors or directly to end-users. When the policy of non-interference with acquired units was changed, the unit was moved around between the major divisions, since it was producing products for all of them. Distribution was now changed into selling</p>	<p>Priorities and Perspectives: The products produced, although being sold by different divisions, have some similarities on the technical side (but less so on the application side). Today, this unit is the sole supplier in the group of these specific products. The system integration knowledge is developed within the divisions, and being a systems supplier is becoming important to the end-user. The divisions need the knowledge of the manufacturing</p>	<p>Comments: It seems as if the Group organization forces the greatest complexity to be dealt with on site level (the manufacturing plant) and in the functions having customer contacts (division sales). In the plant, there is a day-to-day struggle to accommodate different customer requirements, in spite of less and less resource in terms of R&D and application knowledge. Simultaneously volumes need to be increased, possibly through developing a</p>

Case 7

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
<p>through the respective divisions' sales organisation, and the end-user contacts were reduced and cancelled. Gradually some support functions were taken away from the unit and located into the division organization, e.g. R&D. Presently the same discussion is going on regarding warehousing, application centres etc. If this change is implemented and the resources taken away from the unit, it will probably be closed. The present situation has already created a situation where many functions are now below critical mass. This is also true for the manufacturing, now facing overcapacity.</p>	<p>unit in order to be an attractive systems supplier to the end users, and the manufacturing unit needs the customer knowledge from the sales organization in order to maintain and develop product know-how.</p> <p>In addition, the existence of this unit in the Group is more critical to one division than to the other. If the other division withdraws directly (or indirectly, by forcing the unit to close due to lack of critical mass in important support functions), this will definitely have a short (and perhaps also a long) term negative impact on this division.</p>	<p>dealer network (on the local market), a development which needs to be carefully judged against the divisional sales setup.</p> <p>On divisional sales level, the full complexity of end-users asking for systems deliveries and application know-how is part of everyday work.</p> <p>Between these two extremes, the divisional organization can work rather independently and very rational, optimizing their own performance by reshuffling resources etc.</p> <p>When the two extremes fight for survival, a strong balancing force is needed to sort this out on Group level – apparently divisional level is not "good enough".</p>

Case 8

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
<p><i>How to manage continued local presence and yet improve cost-efficiency in the European sales companies?</i></p>	<p><i>How to facilitate the selling process and how to leverage the local presence?</i></p>	<p>The recommended solutions include:</p> <ul style="list-style-type: none"> • Perform a competence mapping and find out what knowledge/resources that are available in Europe.

Case 8

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
		<ul style="list-style-type: none"> • Use a common format of market and sales plans across all European sales companies in order to facilitate communication • Establish a task force on European level to deal with some of the business developments in areas where the local companies do not have resources • Look for synergies between neighboring companies/markets, using some resources over a number of companies/in a region
<p>Background: For many years the strong local representation and presence has been a cornerstone of the successful development of the Group. This setup has given the customer easy access to excellent product and application knowledge. With the expansion of the Group's product range and the ambition that all sales companies should preferably carry the full product range, a number of difficulties have emerged:</p> <ul style="list-style-type: none"> • A much broader knowledge is needed 	<p>Priorities and Perspectives: It turns out that central product group management is focusing on countries where they have a substantial resource, and as a consequence, units where they only have 10-20 per cent of one salesperson's time, get very little support. This is making business development very difficult. The local short term focus also encourages the local company to work with existing business, and take less responsibility for developing a new market. These two forces effectively prevent the</p>	<p>Comments: There is an almost irresistible logic in the thought that you should "fill all the white spots in your product offering", i.e. carrying all the products in a product range (sometimes only "in case of" a customer asking). In practice, such an approach may be solved through for example adjusting the structure into clusters etc. The straight forward reporting and incentive relationships may also be changed, to support this. Business, organization and the incentive systems must be aligned and fit each other.</p>

Case 8

The original problem: The problem owners own formulation and background presented	The reformulated prob- lem and discussion of priorities and perspec- tives to consider	The recommended solutions and comments from the secretary/facil- itator after the seminar
<ul style="list-style-type: none"> • Resources for local business development must be set aside • The relatively small size of each company makes it difficult to hire new people, so the additional sales responsibility is split between the existing resources. In effect this means that one of the smaller product groups could have 20 per cent of a salesperson in one country, 10 per cent in another country, 35 per cent in a third – but nowhere a full time person. <p>A consequence of this is that the full market potential probably is not addressed, and the key questions are how to facilitate the selling process and how to leverage the local presence.</p>	<p>sales from growing, and it may end in a situation where there may be presence (on paper) but no activity.</p> <p>In addition, some of the European sales companies are too small (operating on too small markets), and they most likely never will be able to carry a full product range.</p> <p>The expectations to the sales companies are not clearly communicated, and the strategy is not supported by incentives. In addition, there is considerable uncertainty regarding the size and availability of the local market potential.</p> <p>There is also a basic lack of knowing where the resources are, and what competence that is available.</p>	

Case 9

The original problem: The problem owners own formulation and background presented	The reformulated prob- lem and discussion of priorities and perspec- tives to consider	The recommended solutions and comments from the secretary/facil- itator after the seminar
<p><i>How to grow a small sales operation in a European country?</i></p>	<p><i>How to keep on growing in a balanced way?</i></p>	<p>The product range must be defined in terms of what is sellable on the local market.</p> <p>It is important to accept that different parts of the organization are in different places in their life cycle – and accept the consequences (in terms of measurements etc.) of that.</p> <p>There is also a need to find ways to re-allocate resources from working in one division to working in another; a new set of competencies etc. – or defining the organization as not only one country, but regional.</p> <p>Finally there is a need to find new incentive schemes and retaining/recruiting strategies.</p>
<p>Background: This sales company was created in 1993 when the local agent was acquired. There is no own local production, and products are supplied from factories mainly in Europe. Presently, the company is selling products from two divisions, and the products/solutions are aimed at different market segments. In addition the nature of the contracts</p>	<p>Priorities and Perspectives: Three questions were raised:</p> <ul style="list-style-type: none"> • To what extent should a local market/company apply the corporate growth strategy – and how much exposure in terms of financial and organizational risks are acceptable? • In stimulating growth, what are the proper measurements and incentives? 	<p>Comments: During the discussions it was said that “the success of the unit is not only related to our efforts, but to a divisional/group strategy.” This will require a good dialogue, and a sensitive approach from corporate level in enforcing the strategy locally as well as an open mind from local management.</p>

Case 9

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
<p>are different (projects versus unit sales) and the culture is perceived as being very different between the two divisions.</p> <p>The large projects create a big volatility in sales and profit, and that is part of the dilemma. The company is measured on sales and EBIT.</p> <p>The company has aggressive growth targets, and Managing Directors claims having "adopted the European strategy for growth into our local context."</p>	<ul style="list-style-type: none"> • Is local resources for local sales the most efficient form of organizing? Harboring different divisions with very different customers, sales logic and culture in a small organization can create a lot of problem and sub-critical mass. 	

Case 10

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
<p><i>How to integrate forward in a global business?</i></p>	<p><i>The question is not so much if forward integration should be done, but more how to manage it.</i></p>	<p>The recommended solutions included some views on the process in the next step:</p> <ul style="list-style-type: none"> • Develop a global business plan • Involve the 20 most important people in doing that, regardless of their place in the organization/divisions

Case 10

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
		<ul style="list-style-type: none"> • The work should be commissioned by Group Management – not by the divisions.
<p>Background: In this business segment, some sales companies are moving forward from being component supplier to becoming systems providers/integrators. In Europe this is accepted, but on other markets this means competing with your customer. There is also a potentially competition with the Group's own component sales. The recent globalization of the customers in this segment (driven by their need for higher efficiency) means that the company is faced with the challenge of going into systems deliveries globally.</p>	<p>Priorities and Perspectives: There is a need for one comprehensive business plan, covering all markets, integrating both the systems business and the component business and making necessary tradeoffs. At the same time, there is no organizational solution to this – the system integration issue requires a “virtual company”, having a shared vision.</p>	<p>Comments: Markets have different pace and what can be perceived as a natural extension in one market can create internal competition in other markets. The concept of having different geographic strategies does not work very well, once a business segment is becoming global.</p> <p>As part of the solutions, the different roles and responsibilities of the Group, the divisions and the companies have to be sorted out.</p>

Case 11

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
<p><i>How to develop a new business from "within" in the European organization?</i></p>	<p><i>How to grow a new business considering the need for synergies and the long and short term priorities?</i></p>	<p>There are a number of strategic issues that need to be addressed, and based on the strategy, different measurements etc. should be developed. It also means that on Group levels some investments (in terms of lower growth, margins etc) must be made to support the establishment of this new business. Systems for knowledge transfer need to be developed, as well as incentive and compensation plans. There is however a strong sentiment that the implementation of this should be conducted on divisional level. Systems for people transfer should also be developed, and a training/development program should be institutionalized.</p>
<p>Background: This business in an "extension" of the Group's original core business, however, in this business development process the company enters into a new territory, where the existing "core knowledge" has to be complemented with new knowledge, and where the competitive</p>	<p>Priorities and Perspectives: In the discussion different dimensions were discussed:</p> <ul style="list-style-type: none"> • Is this a commodity or a customized product? Who should produce it? • Since there already is a big difference between small and large operations across Europe – why should a 	<p>Comments: One key observation was the discussion on what is the proper level of addressing this type of discussion – Group level or divisional level. If it is addressed on the "wrong" level – without a clear strategic framework – it could consume a lot of energy. The role-play</p>

Case 11

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
<p>environment is completely different. Some of the sales companies in Europe have started to develop in this direction, but this has been very much on a trial and error basis, run by the local management, and up to their discretion. This is creating a lot of coordination problems, which so far have been addressed through standardization of customers offerings and best practice dissemination.</p>	<p>local company bother to implement this and build further complexity into the organization?</p> <ul style="list-style-type: none"> • The development needs to be supported by rewards and measurements, while at the same time avoiding "putting the same shoe on everyone". • How can ownership/motivation be created, especially the small countries, struggling to meet the targets from the other businesses and having limited resources. <p>Division management perceive that their ability to answer these questions was heavily dependent on the decision and position taken by Group management. If Group management was to make a decision that "all business is local", it would be impossible to drive a mode of strong standardization and control. On the other hand, if the corporation is seen as truly global, with less responsibility and degree of freedom for the local management, the entrepreneurial motivation may be difficult to develop.</p>	<p>between Group and division becomes important to solving this problem.</p>

Case 12

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
<p><i>How to manage a global roll-out of products from a newly acquired company?</i></p>	<p><i>How to develop generally accepted principles, procedures and policies for introducing a new product range from a former competitor into the sales organization?</i></p>	<p>A "global integrator" (project leader) should be selected immediately after the acquisition, to head a global task force with participants from production, sales, R&D, finance etc. This person should also be the ambassador to the buyer. Someone from the acquired company should be part of the task force as well. It is also important to design incentives for Group wide solutions.</p> <p>On the divisional level it is important to sort out the acquisition process. In this case the European part of one division acquired a company that was supposed to be (and to a large degree already was) global. This would require discussions with all divisions.</p> <p>In relationship with the local overseas market companies, it is necessary to develop incentives for taking on the new product range. Some incentives can be created by the new company, including support work in terms of benchmarking, legal protection, distribution, sales literature,</p>

Case 12

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
		<p>training etc., but it is also necessary that the Group participates in this and clearly shows its intentions.</p> <p>Finally, it is important to sort out the job descriptions. Being a post-merger or integration project manager is different from being a marketing manager.</p>
<p>Background: After long negotiations between the division and the selling family, the company was finally acquired. Its position on the domestic market was strong, and in addition, the buyer already had some activities there. On overseas markets, some representatives were already familiar with reps and customers of the buying company. However, there were also some markets where there was no previous experience (and where the buyer was not present). Following the acquisition, an experienced marketing manager from the buyer's organization was put in charge of the sales and marketing activities. Besides that no resources</p>	<p>Priorities and Perspectives: When introducing the new company in the present structure a number of internal relationships had to be managed:</p> <ul style="list-style-type: none"> • Relations with the existing Group companies in the acquired company's home market. This was "in theory" solved through board membership in the respective Board of Directors. However, since the existing companies were part of another division than the division responsible for the acquisition, little exchange took place related to products or customers. • Relations with the existing Group companies on overseas markets: It was not possible to locate 	<p>Comments: When introducing a new company/business unit/product into the organization, the complexity is raised. It is thus tempting to keep it separate and only gradually incorporate it.</p>

Case 12

The original problem: The problem owners own formulation and background presented	The reformulated prob- lem and discussion of priorities and perspec- tives to consider	The recommended solutions and comments from the secretary/facil- itator after the seminar
<p>were transferred to the newly a acquired organization.</p>	<p>production only to one place. Local subassembly or assembly was needed. This required each market to make some investments in production in order to get started, with technical support. This investment must be taken over the local budget and of course this creates a lot of hesitation.</p> <ul style="list-style-type: none"> • Market development on new markets: In order to capture the full potential in a market, the resources had to be combined between the divisions and the local sales companies, together with the resources in the new company. However, the acquisition was made by one division, and there were no requests for a "buy-in" from the other divisions. 	

Case 13

The original problem: The problem owners own formulation and background presented	The reformulated prob- lem and discussion of priorities and perspec- tives to consider	The recommended solutions and comments from the secretary/facil- itator after the seminar
<p><i>How to consolidate a turn-around case, while balancing short and long term actions.</i></p>	<p><i>Articulate the group strategy for the region and also globally.</i></p>	<p>It is in this case important to find a logical way of splitting the business, making sure that the customer is not confused.</p> <p>When – or if – a local long term plan is introduced, it is important to do this it carefully – and in a planned fashion – to the market. Considering the history of the company, there is a lot of bad reputation to overcome – it all boils down to a question of legitimacy.</p>
<p>Background: A company in one of the divisions in the Pacific Asian region has gone through a turn-around and has managed to establish a stable – but still fragile – platform in the existing core businesses. However, the long term business development plan aims at rapid growth, and means moving into another (adjacent and global) business. The idea is to internally finance this growth from profits made in the present core business. The Group has a presence in the particular market through other divisions and their subsidiaries.</p>	<p>Priorities and Perspectives: While the short term actions in this particular case are much in line – and make use of experiences made – with the existing activities in other countries, the long term plan means a dramatic redefinition of the core business. This is a transformation that has not been done anywhere else, and that would as a consequence mean targeting new customers with new products.</p> <p>Can this decision be made by a local company, and can/should it be locally financed? The question becomes even more important since the</p>	<p>Comments: in an organization – and not only a multidimensional organization – there is an ongoing and continuous process of re-defining “who we are and what we do”. At some point in time (usually not predictable or defined by any rationale) the organizations turns from being A to being B, in the minds of the insiders. It is not always driven by top/Group management. Once again it is a question of how far this process should continue on local initiative, and how much intervention is required at the Group level. When you pass that</p>

Case 13

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
	<p>new market targeted is a global market, where the local customers to a large degree are connected to global players. If this is a desirable development, is this the right market to start on? On the other hand, the local company has full responsibility for profit and loss, and sees this as the only viable way ahead. Due to the successful turn-around, the management team has high credibility and trust.</p> <p>Finally, if this single company starts redefining its core activities, how will that impact the other activities on that market, managed by other divisions (but using same brand).</p>	<p>turning point, something important happens in the "soul" of the organization. Is an organization with many dimensions to simultaneously address, more sensitive to this?</p>

Case 14

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
<p><i>How to fight back an aggressive competitor?</i></p>	<p><i>How to get commitment and coordination to fight back this competitor?</i></p>	<p>A project team should immediately be appointed on Group level. One of the priority tasks is to start up a dialogue between marketing and sales and R&D.</p>

Case 14

The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
		<p>In developing a commercial package, the immediate starting point is to find relevant intelligence, on both individual customers and on market developments. Later on a toolkit can be developed, including price calculations etc.</p> <p>When establishing an effective organization, the key is to unify the at present very scattered resources. Although it could be a virtual/project organization, changes in accountability would be preferred.</p> <p>Part of the strategy is also to foresee the possible reactions that the competitor can implement, once this new and more aggressive strategy is unfolded. This can include price wars, increased market communication etc.</p>
<p>Background: The Group has been the market leader for a long time. Recently however, market shares have been lost to an old competitor, who – under new ownership – successfully attacks the company on many markets.</p>	<p>Priorities and Perspectives: Initiatives must be taken on a Group level and implemented on both central and local level. Four areas need to be considered:</p> <ul style="list-style-type: none"> • Product (platform thinking, shortened time-to-market for new products) 	<p>Comments: When under attack from a competitor with a different mindset and organizational structure, a multidimensional organization tends to be slow and inflexible. Although a decentralized structure has a huge potential of being close</p>

Case 14		
The original problem: The problem owners own formulation and background presented	The reformulated problem and discussion of priorities and perspectives to consider	The recommended solutions and comments from the secretary/facilitator after the seminar
<p>The competitor is using a centralized approach (where for example the independence of the sales companies is limited), and they manage to be more customer oriented, flexible and reacting much faster. They have a new product range, built on a "platform approach", and seem to be more risk taking and possess strong market intelligence.</p>	<ul style="list-style-type: none"> • Commercial offering (including risk assessments, pricing policies, warranties and a well-functioning market intelligence system) • Organization (identification of competences and resources, as well as the best geographical location for products centers, including technical sales support, R&D, engineering and supply and product management). Proper incentive schemes must be developed. • Define the role and responsibility of being a market leader: what does it mean? 	<p>to the market and thus rapidly reading customer signals and communicating them, the more centralized approach to market intelligence seems to work better.</p>

Table 3: Detailed overview of the 14 problems included in the investigation.

APPENDIX 5

CREATING THE MATERIAL: DISSECTING ONE OF THE SEMINAR DISCUSSIONS

In this Appendix I will illustrate how *four types of* text have been used in creating the case summaries in this investigation:

Type A is the original problem brief written by the problem owner (in collaboration with the facilitators) and sent to the participants in the seminar in advance.

Type B is the documentation from the seminar, written by the meeting secretary of the meeting and distributed afterwards to the participants. In particular it is meaningful to differentiate between sub-groups in these texts: Type B1 is statements or quotations recorded in the documentation from the original notes made by the secretary, and Type B2 is conclusions or summaries of the discussions written by the secretary into the documentation.

Type C is the additional OH-slides prepared in advance by the problem owner, and used when initially presenting his problem to the group

Type D is slides and flipcharts developed and presented during the meeting by the participants, either in smaller breakout groups or in the plenary sessions.

In this Appendix “the flow” through a seminar is also illustrated, with its different steps²⁷⁰, interventions and discussions.

I will use *Case 6* (“how to introduce a Key Account Management system, or KAM”) as an example. In the brief to the participants prepared by the problem owner, this issue was introduced in the following way (type A material):

²⁷⁰ See Appendix 2.

[One of the divisions] in Region America formed a National Accounts Group whose task it is to forge partnerships and alliances with key end-users. We have a method for working with USA only customers that works well because we are able to control the variables involved in the projects locally. However, some of the end users are multi-national global corporations. Our problem is that although [we are] a global company we offer different products and services from country to country which makes it hard for a global customer to interact with us uniformly worldwide. These global companies present a unique set of opportunities for [us] to differentiate ourselves from the competition and be a true global supplier.

Following this brief, the problem owner wanted to discuss the following questions (type A material):

- How do we serve these global customers today when our product mix is different from country to country?
- How do we communicate more effectively on projects involving more than one country?
- How do we form consistent pricing policies country to country for a global customer?
- How do we capitalize on our position in the industry as the global leader and leverage this strength by providing our customers with consistent goods and services?

These questions posed by the problem owner were related to the issue of “how to integrate a key account management system into the organization on a global level.” This is the “original problem”, formulated by the problem owner in advance.

During the first stage of the process, where the original

issue was broadened and expanded, the interaction between the participants (asking questions) and the problem owner (giving answers) immediately added new issues to the list. This included potential problems from a resource perspective, noting that addressing a Key Account Management system would require a lot of coordination and additional resources. The increased transparency, made possible through a global account system was also seen as a risk; when the customer can start comparing prices in different markets, he can start asking for price reductions, as illustrated in the following quote (type B1 material):

It is a risk over time that if we have high margins in the beginning, but these margins later on are pressed down by the customer. We have to understand the learning [intelligence] process of both ourselves and the customer.

This would require a different attitude among the customers (type B1 material):

This will also require a greater maturity among the customers – they like us to make money, but of course not too much. They want us to remain in business and be excited to be working for them.

Competitive force can however limit the possibilities of saying no to some form of key account system (type B1 material):

[...] if the customer switches and put pressure on us, we need to do it: if not we lose the business. This is a "binary decision", either you do it or you don't. But can we take the risk of not being able to deal with it?

One good thing is that the competition is not global. But there is a risk that the global customers start pushing the competition to become global too.

In the discussion some examples were given, as illustrated by this conversation between three of the participants, here named Adam, Bert and Carl (type B1 material):

Adam: Sometimes the expectations are so high that we cannot possibly meet them. Take for example Wrigleys in USA, now opening in Poland – how can we serve them?

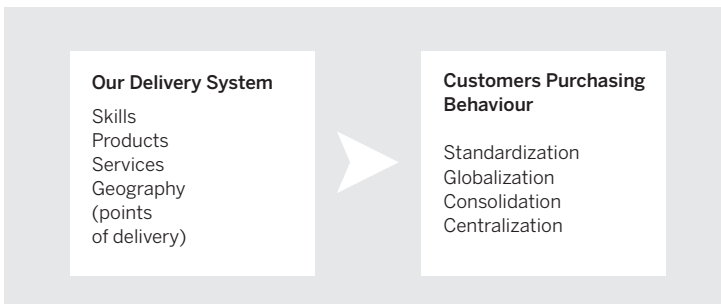
Bert: When I read our annual report, I get the impression that we can!

Carl: How does KAM measure against our strategy? It is stated in the strategy that we should be global – but what does that mean?

At this stage, some of the participants, representing the global purchasing function, entered into the discussion and referred to their experiences. They pointed to the possibility that global purchasing among the customers can give platforms for global sourcing. In general, the same arguments were used in the development of the purchasing and procurement functions as when discussing the establishment of a key account system. The purchasing function asks the suppliers to open their books and the staff have to know different manufacturing techniques etc. Every professional purchasing manager knows that the supplier must make money. It is however not easy to judge what constitutes "reasonable" profitability. In particular is it difficult to judge the overhead costs, and what should be an appropriate

level. On top of that there are the handling costs (travel, moving, loading).

At this stage in the discussion, the group – under guidance from the facilitator, introducing the language of “delivery system” – made the following picture on a flipchart, illustrating the need for matching the company’s offering to the purchasing behaviour of the customers (type D material):



This illustration was interpreted by the participants as a need for developing a new “delivery system” on a global basis, and that in turn raised a number of new issues, including finding definitions on “what is a global Key Account”. It also articulated needs for new product specifications, development of the interfaces between the customer and the supplier, capability building in terms of negotiating skills etc. Finally it also was seen as requiring a degree or standardization that was not obvious to achieve, as seen from the following quotes (type B1 material):

Can we ever have products that we can roll out across the world?

We can never have a standardized delivery system! The customers do not, on local level, behave according to a

standard procedure, leading to the conclusion that we basically are trying to connect two non standardized systems; ours and theirs. Pricing and the transparency of prices is a problem.

But the discussion also revealed different views on the “ownership” of the customer: is he owned by the local company or are (some) customers seen as belonging (or being owned) by the whole Group (type B1 material):

It is a transformation of local key accounts to a global key account, and that may cause problems

We lack a global strategy for global customers – very much a bottom-up process today.

It may be a regional problem – can it be that we too easily promise customers more than we can deliver. How can we decide if we should view a customer as key account or not?

From the original problem on how to integrate a Key Account Management system, the issues now voiced referred more to the more basic question of developing such a system – if it was needed. The discussion leading to reformulated problem also indicated that there were many dimensions and perspectives that had to be incorporated into the issue, as in the following quotes (type B1 material):

There is a concern about powerbase, control etc. related to KAM. It is a very difficult problem to discuss. I truly believe that this is something we will see across the world. We have to deal with it. It is critical on Group

level that we look into this. With the small number of truly global customers we have we could make it work.

There is a problem that KAM can even create ballast in our business. How much do we get from these customers – we do not know? One can argue that KAM will expose us to more project opportunities, and sometimes we get the business without bidding, which saves us money, since bidding is an expensive exercise. I am saying that with the right customers it makes sense.

The discussion had also indicated the need for defining some key dimensions. For example, when a customer moves into the category of key account, what is the meaning of “being global” and what model of Key Account Management is best suited to the organization? All this would require cross-divisional and cross-functional work.

Related to the first question, the participants (in smaller groups) created some presentations on “what constitutes a Key Account”. One group reported (type D material):

A customer is a Key Account (KA) when he ...

1. Has a significant volume. A local KA then becomes candidate for global KA when volume equals 5% of regional turnover or 1% of group turnover
2. Has continuity of purchasing annually
3. Acts on a global bases (central engineering etc.)
4. Shows possibility for creative growth
5. Allow us to operate with good margins (levels agreed by Business Area)
6. We should never establish a KA until we can be sure we can deliver to their expectations

And another group concluded (type D material)

A Key Account has ...

1. Repeated and noncyclical business
2. Global application rollouts (also to other customers)
3. Marketing benefits for the Group
4. Awareness of conflict of interest – nonexclusively
5. Back-to-back service contract

In his presentation of the problem, the problem owner also introduced perceived restrictions on developing a Key Account Management system (type C material):

- In the short term we are restricted in our ability to offer a global product yet our opportunities to work with global customers are growing.
- [our] offices globally have different cost structures, which factor into pricing levels.
- Different cultures, languages, and standards country to country create additional issues, which need to be considered.

To summarize, this relates to the need for a new (global) product mix, the need for aligning cost structures and ways for dealing with different cultures etc. This analysis was not questioned by the group, but they added a few question marks (type B2 material):

- A. Can we create/do we have the resources to build this?
- B. Are we too small for this?

The final step was to find solutions to the (now re-formulated) problem. In this particular case, the participants recommended group management to establish a global account task force that

should, from a group perspective try to define the critical elements in a global key account management system.

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From time to time all organizations face problems where several dimensions, priorities, and concerns meet and may even be in conflict. As a response, new and additional structures to facilitate solving these problems are often introduced. Examples are project structures, coordinating roles, or task forces. Another, more permanent, solution is the matrix organization, very popular in the 1980s.

This book claims that multidimensional problems can be addressed on a regular basis without changing the structure. It points to the managerial mindset as the crucial component and suggests that such a mindset can be found in many successful organizations, regardless of their design. It is an important complement to project structures, task forces, and even matrix organizations.

Based on a number of actual cases of multidimensional problem solving, the study investigates the meaning of reframing, the role of capabilities, and different forms of managerial interventions in successfully addressing multidimensional issues.

It provides a contribution to the academic fields of organization learning and organization design, and to practitioners of management development, change management and strategy implementation.

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