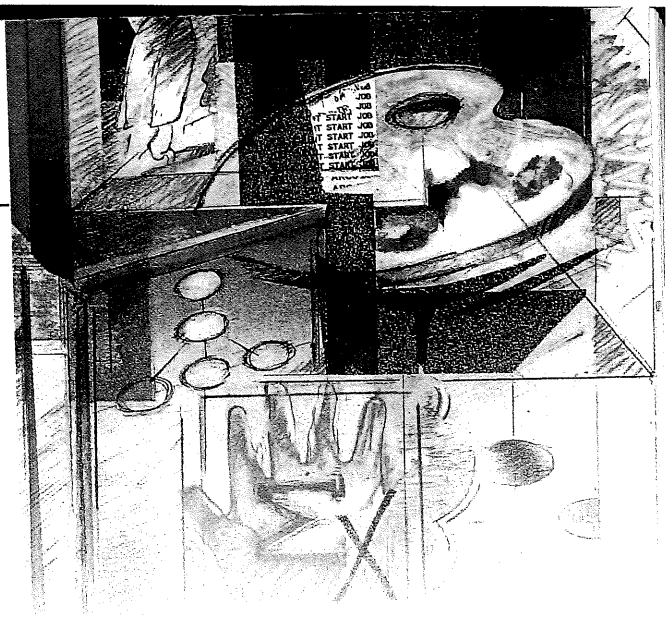
Fourth Edition



Reframing Organizations

Artistry, Choice, and Leadership

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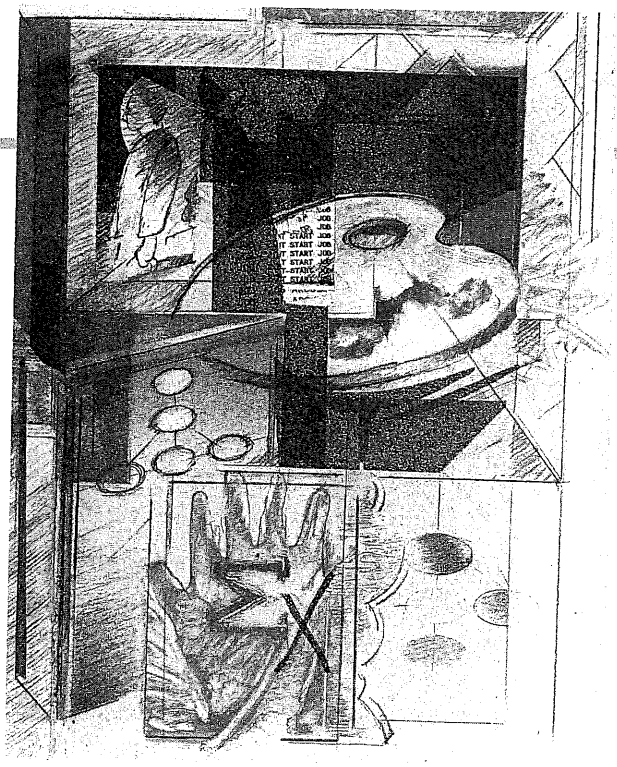
PART ONE



Making Sense of Organizations

chapter
ONE

Introduction

The Power of Reframing

Bob Nardelli expected to win the three-way competition to succeed management legend Jack Welch as CEO of General Electric. He was stunned when Welch told him late in 2000 that he'd never run GE. The next day, though, he found out that he'd won the consolation prize. A director of Home Depot called to tell him, "You probably could not feel worse right now, but you've just been hit in the ass with a golden horseshoe" (Sellers, 2002, p. 1).

Within a week, Nardelli hired on as Home Depot's new CEO. He was a big change from the free-spirited founders, who had built the wildly successful retailer on the foundation of an uninhibited, entrepreneurial "orange" culture. Managers ran their stores using "tribal knowledge," and customers counted on friendly, knowledgeable staff for helpful advice. Nardelli revamped Home Depot with a heavy dose of command-and-control management, discipline, and metrics. Almost all the top executives and many of the frontline managers were replaced, often by ex-military hires. At first, it seemed to work—profits improved, and management experts hailed the "remarkable set of tools" Nardelli used to produce "deep, lasting culture change" (Charan, 2006, p. 1). But the lasting change included a steady decline in employee morale and customer service. Where the founders had successfully promoted "make love to the customers," Nardelli's toe-the-line stance pummeled Home Depot to last place in its industry for customer satisfaction.

A growing chorus of critics harped about everything from the declining stock price to Nardelli's extraordinary $245 million in compensation. At Home Depot's 2006 shareholders' meeting, Nardelli hoped to keep naysayers at bay by giving them little time to say anything and refusing to respond to anything they did say: "It was, as even Home Depot executives will concede, a 37-minute fiasco. In a basement hotel ballroom in Delaware, with the board nowhere in sight and huge time displays on stage to cut off angry investors, Home Depot held a hasty annual meeting last year that attendees alternately described as 'appalling' and 'arrogant' " (Barbaro, 2007, p. C1). The outcry from shareholders and the business press was scathing. Nardelli countered with metrics to show that all was well. He seemed unaware or unconcerned that he had embarrassed his board, enraged his shareholders, turned off his customers, and reinforced his reputation for arrogance and a tin ear. Nardelli abruptly left Home Depot at the beginning of 2007 (Grow, 2007).

Nardelli's old boss, Jack Welch, called him the best operations manager he'd ever seen. Yet, as talented and successful as he was, Nardelli flamed out at Home Depot because he was only seeing part of the picture. He was a victim of one of the most common afflictions of leaders: seeing an incomplete or distorted picture as a result of overlooking or misinterpreting important signals. An extensive literature on business blunders attests to the pervasiveness of this lost-at-sea state (see, for example, Adler and Houghton, 1997; Feinberg and Tarrant, 1995; Ricks, 1999; Sobel, 1999).

Enron's demise provides another example of floundering in a fog. In its heyday, Enron proclaimed itself the "World's Leading Company"—with some justification. Enron had been a perennial honoree on *Fortune*'s list of "America's Most Admired Companies" and was ranked as the "most innovative" six years in a row (McLean, 2001, p. 60). Small wonder that CEO Kenneth W. Lay was among the nation's most admired and powerful business leaders. Lay and Enron were on a roll. What could be wrong with such a big, profitable, innovative, fast-growing company?

The trouble was that the books had been cooked, and the outside auditors were asleep at the switch. In December 2001, Enron collapsed in history's then-largest corporate bankruptcy. In the space of a year, its stock plunged from eighty dollars to eighty cents a share. Tens of billions of dollars in shareholder wealth evaporated. More than four thousand people lost their jobs and, in many

cases, their savings and retirement funds.[1] The auditors also paid a steep price. Andersen Worldwide, a hundred-year-old firm with a once-sterling reputation, folded along with Enron.

What went wrong? After the cave-in, critics offered a profusion of plausible explanations. Yet Enron's leaders seemed shocked and baffled by the abrupt free fall. Former CEO Jeffrey K. Skilling, regarded as the primary architect of Enron's high-flying culture, was described by associates as "the ultimate control freak. The sort of hands-on corporate leader who kept his fingers on all the pieces of the puzzle" (Schwartz, 2002, p. C1). Skilling resigned for unexplained "personal reasons" only three months before Enron imploded. Many wondered if he had jumped ship because he foresaw the iceberg looming dead ahead. But after Enron's crash, he claimed, "I had no idea the company was in anything but excellent shape" (p. C1). Ultimately, in October 2006, both he and Lay were convicted of multiple counts of fraud for their role in Enron's disintegration. During their trials both steadfastly contended that they had done nothing wrong. Enron, they insisted, had been a sound and successful company brought down by forces they either weren't aware of or couldn't control. Despite public opinion to the contrary, both seemed to genuinely believe that they were victims rather than villains.

Skilling and Lay were both viewed as brilliant men, yet both sought refuge in cluelessness. It is easy to argue they claimed ignorance only because they had no better defense. Even so, they were out of touch at a deeper level. Lay and Skilling were passionate about building Enron into the "World's Leading Company." They staunchly believed that they had created a mold-breaking company with a revolutionary business model. They knew risks were involved, but you have to bend or break old rules when you're exploring uncharted territory. Investors bought the stock, and business professors wrote articles about the management lessons behind Enron's success. The snare was that Lay and Skilling had misread their world and had no clue that they were destroying the company they loved.

The curse of cluelessness is not limited to corporations—government provides its share of examples. In August 2005, Hurricane Katrina devastated New Orleans. Levees failed, and much of the city was underwater. Tens of thousands of people, many poor and black, found themselves stranded for days in desperate circumstances. Government agencies bumbled aimlessly, and help was slow to arrive. As Americans watched television footage of the chaos, they were stunned

to hear the nation's top disaster official, the secretary of Homeland Security, tell reporters that he "had no reports" of things viewers had seen with their own eyes. It seemed he might have been better informed if he had relied on CNN rather than his own agency.

Homeland Security, Enron, and Home Depot represent only a few examples of an endemic challenge: how to know if you're getting the right picture or tuning in to the wrong channel. Managers often fail this test. Cluelessness is a fact of life, even for very smart people. Sometimes, the information they need is fuzzy or hard to get. Other times, they ignore or misinterpret information at hand. Decision makers too often lock themselves into flawed ways of making sense of their circumstances. For Lay and Skilling, it was a mistaken view that "we're different from everyone else—we're smarter." For Nardelli, it was his conviction that his metrics gave him the full picture.

In the discussion that follows, we explore the origins and symptoms of cluelessness. We introduce *reframing*—the conceptual core of the book and our basic prescription for sizing things up. Reframing requires an ability to think about situations in more than one way. We then introduce four distinct frames—structural, human resource, political, and symbolic—each logical and powerful in its own right. Together, they help us decipher the full array of significant clues, capturing a more comprehensive picture of what's going on and what to do.

VIRTUES AND DRAWBACKS OF ORGANIZED ACTIVITY

Before the emergence of the railroad and the telegraph in the mid-nineteenth century, individuals managed their own affairs—America had no multiunit businesses and no need for professional managers (Chandler, 1977). Explosive technological and social changes have produced a world that is far more interconnected, frantic, and complicated than it was in those days. Humans struggle to catch up, at continual risk of drowning in complexity that puts us "in over our heads" (Kegan, 1998). Forms of management and organization effective a few years ago are now obsolete. Sérieyx (1993) calls it the organizational big bang: "The information revolution, the globalization of economies, the proliferation of events that undermine all our certainties, the collapse of the grand ideologies, the arrival of the CNN society which transforms us into an immense, planetary village—all these shocks have overturned the rules of the game and suddenly turned yesterday's organizations into antiques" (pp. 14–15).

The proliferation of complex organizations has made most human activities collective endeavors. We grow up in families and then start our own families. We work for business or government. We learn in schools and universities. We worship in synagogues, churches, and mosques. We play sports in teams, franchises, and leagues. We join clubs and associations. Many of us will grow old and die in hospitals or nursing homes. We build these human enterprises because of what they can do for us. They offer goods, entertainment, social services, health care, and almost everything else that we use, consume, or enjoy.

All too often, however, we experience a darker side. Organizations can frustrate and exploit people. Too often, products are flawed, families are dysfunctional, students fail to learn, patients get worse, and policies backfire. Work often has so little meaning that jobs offer nothing beyond a paycheck. If we can believe mission statements and public pronouncements, every company these days aims to nurture its employees and delight its customers. But many miss the mark. Schools are blamed for social ills, universities are said to close more minds than they open, and government is criticized for red tape and rigidity. The private sector has its own problems. Automakers drag their feet about recalling faulty cars. Producers of food and pharmaceuticals make people sick with tainted products. Software companies deliver bugs and "vaporware." Industrial accidents dump chemicals, oil, toxic gas, and radioactive materials into the air and water. Too often, corporate greed and insensitivity create havoc for individual lives and communities. The bottom line: we seem hard-pressed to manage organizations so that their virtues exceed their vices. The big question: Why?

The Curse of Cluelessness

Year after year, the best and brightest managers maneuver or meander their way to the apex of enterprises great and small. Then they do really dumb things. How do bright people turn out so dim? One theory is that they're too smart for their own good. Feinberg and Tarrant (1995) label it the "self-destructive intelligence syndrome." They argue that smart people act stupid because of personality flaws—things like pride, arrogance, and unconscious desires to fail. It's true that psychological flaws have been apparent in such brilliant, self-destructive individuals as Adolph Hitler, Richard Nixon, and Bill Clinton. But on the whole, intellectually challenged people have as many psychological problems as the best and brightest. The primary source of cluelessness is not personality or IQ. We're at sea whenever our sense-making efforts fail us. If our image of a situation is wrong,

our actions will be wide of the mark as well. But if we don't realize our image is incorrect, we won't understand why we don't get what we hoped for. So, like Bob Nardelli, we insist we're right even when we're off track.

Vaughan (1995), in trying to unravel the causes of the 1986 disaster that destroyed the *Challenger* space shuttle and killed its crew, underscored how hard it is for people to surrender their entrenched mental models: "They puzzle over contradictory evidence, but usually succeed in pushing it aside—until they come across a piece of evidence too fascinating to ignore, too clear to misperceive, too painful to deny, which makes vivid still other signals they do not want to see, forcing them to alter and surrender the world-view they have so meticulously constructed" (p. 235).

All of us sometimes construct our own psychic prisons, and then lock ourselves in. When we don't know what to do, we do more of what we know. This helps explain a number of unsettling reports from the managerial front lines:

- Hogan, Curphy, and Hogan (1994) estimate that the skills of one-half to three-quarters of American managers are inadequate for the demands of their jobs. But most probably don't realize it: Kruger and Dunning (1999) found that the more incompetent people are, the more they overestimate their performance, partly because they don't know what good performance looks like.
- About half of the high-profile senior executives companies hire fail within two years, according to a 2006 study (Burns and Kiley, 2007).
- In 2003, the United States was again the world's strongest economy, yet corporate America set a new record for failure with two of history's top three bankruptcies—WorldCom at $104 billion and Conseco at $61 billion. Charan and Useem (2002) trace such failures to a single source: "managerial error" (p. 52).

Small wonder that so many organizational veterans nod assent to Scott Adams's admittedly unscientific "Dilbert principle": "the most ineffective workers are systematically moved to the place where they can do the least damage—management" (1996, p. 14).

Strategies for Improving Organizations: The Track Record

We have certainly made an effort to improve organizations. Legions of managers report to work each day with that hope in mind. Authors and consultants spin out a flood of new answers and promising solutions. Policymakers develop laws and regulations to guide organizations on the right path.

The most common improvement strategy is upgrading management. Modern mythology promises that organizations will work splendidly if well managed. Managers are supposed to have the big picture and look out for their organization's overall health and productivity. Unfortunately, they have not always been equal to the task, even when armed with computers, information systems, flowcharts, quality programs, and a panoply of other tools and techniques. They go forth with this rational arsenal to try to tame our wild and primitive workplaces. Yet in the end, irrational forces too often prevail.

When managers cannot solve problems, they hire consultants. Today, the number and variety of advice givers is overwhelming. Most have a specialty: strategy, technology, quality, finance, marketing, mergers, human resource management, executive search, outplacement, coaching, organization development, and many more. For every managerial challenge, there is a consultant willing to offer assistance—at a price.

For all their sage advice and remarkable fees, consultants have yet to make a significant dent in problems plaguing organizations—businesses, public agencies, military services, hospitals, and schools. Sometimes the consultants are more hindrance than help, though they often lament clients' failure to implement their profound insights. McKinsey & Co., "the high priest of high-level consulting" (Byrne, 2002a, p. 66), worked so closely with Enron that managing partner Rajat Gupta sent his chief lawyer to Houston after Enron's collapse to see if his firm might be in legal trouble. The lawyer reported that McKinsey was safe, and a relieved Gupta insisted bravely, "We stand by all the work we did. Beyond that, we can only empathize with the trouble they are going through. It's a sad thing to see" (p. 68).

When managers and consultants fail, government frequently responds with legislation, policies, and regulations. Constituents badger elected officials to "do something" about a variety of ills: pollution, dangerous products, hazardous working conditions, and chaotic schools, to name a few. Governing bodies respond by making "policy." A sizable body of research records a continuing saga of perverse ways in which the implementation process distorts policymakers' intentions (Bardach, 1977; Elmore, 1978; Freudenberg and Gramling, 1994; Peters, 1999; Pressman and Wildavsky, 1973). Policymakers, for example, have been trying for decades to reform U.S. public schools. Billions of taxpayer dollars have been spent. The result? About the same as America's switch to the metric system. In the 1950s Congress passed legislation mandating adoption

of the metric standards and measures. To date, progress has been minimal (see Chapter Eighteen). If you know what a hectare is, or can visualize the size of a three-hundred-gram package of crackers, you're ahead of most Americans. Legislators did not factor into their solution what it would take to get their decision implemented.

In short, difficulties surrounding improvement strategies are well documented. Exemplary intentions produce more costs than benefits. Problems outlast solutions. It is as if tens of thousands of hard-working, highly motivated pioneers keep hacking at a swamp that persistently produces new growth faster than the old can be cleared. To be sure, there are reasons for optimism. Organizations have changed about as much in the past few decades as in the preceding century. To survive, they had to. Revolutionary changes in technology, the rise of the global economy, and shortened product life cycles have spawned a flurry of activity to design faster, more flexible organizational forms. New organizational models flourish in companies such as Pret à Manger (the socially conscious U.K. sandwich shops), Google (a hot American company), and Novo-Nordisk (a Danish pharmaceutical company that includes environmental and social metrics in its bottom line). The dispersed collection of enthusiasts and volunteers who provide content for Wikipedia and the far-flung network of software engineers who have developed the Linux operating system provide dramatic examples of possibilities in the digital world. But despite such successes, failures are still too common. The nagging key question: How can leaders and managers improve the odds for themselves as well for their organizations?

FRAMING

Goran Carstedt, the talented executive who led the turnaround of Volvo's French division in the 1980s, got to the heart of a challenge managers face every day: "The world simply can't be made sense of, facts can't be organized, unless you have a mental model to begin with. That theory does not have to be the right one, because you can alter it along the way as information comes in. But you can't begin to learn without some concept that gives you expectations or hypotheses" (Hampden-Turner, 1992, p. 167). Such mental models have many labels—maps, mind-sets, schema, and cognitive lenses, to name a few.[2] Following the work of Goffman, Dewey, and others, 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 these images capture part of the idea we want to convey.

A frame is a mental model—a set of ideas and assumptions—that you carry in your head to help you understand and negotiate a particular "territory." A good frame makes it easier to know what you are up against and, ultimately, what you can do about it. Frames are vital because organizations don't come with computerized navigation systems to guide you turn-by-turn to your destination. Instead, managers need to develop and carry accurate maps in their heads.

Such maps make it possible to register and assemble key bits of perceptual data into a coherent pattern—a picture of what's happening. When it works fluidly, the process takes the form of "rapid cognition," the process that Gladwell (2005) examines in his best-seller *Blink*. He describes it as a gift that makes it possible to read "deeply into the narrowest slivers of experience. In basketball, the player who can take in and comprehend all that is happening around him or her is said to have 'court sense' " (p. 44).

Dane and Pratt (2007) describe four key characteristics of this intuitive "blink" process:

- It is nonconscious—you can do it without thinking about it and without knowing how you did it.
- It is very fast—the process often occurs almost instantly.
- It is holistic—you see a coherent, meaningful pattern.
- It results in "affective judgments"—thought and feeling work together so you feel confident that you know what is going on and what needs to be done.

The essence of this process is matching situational clues with a well-learned mental framework—a "deeply-held, nonconscious category or pattern" (Dane and Pratt, 2007, p. 37). This is the key skill that Simon and Chase (1973) found in chess masters—they could instantly recognize more than fifty thousand configurations of a chessboard. This ability enables grand masters to play twenty-five lesser opponents simultaneously, beating all of them while spending only seconds on each move.

The same process of rapid cognition is at work in the diagnostic categories physicians rely on to evaluate patients' symptoms. The Hippocratic Oath—"Above all else, do no harm"—requires physicians to be confident that they know what they're up against before prescribing a remedy. Their skilled judgment

draws on a repertoire of categories and clues, honed by training and experience. But sometimes they get it wrong. One source of error is anchoring: doctors, like leaders, sometimes lock on to the first answer that seems right, even if a few messy facts don't quite fit. "Your mind plays tricks on you because you see only the landmarks you expect to see and neglect those that should tell you that in fact you're still at sea" (Groopman, 2007, p. 65).

Treating individual patients is hard, but managers have an even tougher challenge because organizations are more complex and the diagnostic categories less well defined. That means that the quality of your judgments depends on the information you have at hand, your mental maps, and how well you have learned to use them. Good maps align with the terrain and provide enough detail to keep you on course. If you're trying to find your way around downtown San Francisco, a map of Chicago won't help, nor one of California's freeways. In the same way, different circumstances require different approaches.

Even with the right map, getting around will be slow and awkward if you have to stop and study at every intersection. The ultimate goal is fluid expertise, the sort of know-how that lets you think on the fly and navigate organizations as easily as you drive home on a familiar route. You can make decisions quickly and automatically because you know at a glance where you are and what you need to do next.

There is no shortcut to developing this kind of expertise. It takes effort, time, practice, and feedback. Some of the effort has to go into learning frames and the ideas behind them. Equally important is putting the ideas to use. Experience, one often hears, is the best teacher, but that is only true if you reflect on it and extract its lessons. McCall, Lombardo, and Morrison (1988, p. 122) found that a key quality among successful executives was an "extraordinary tenacity in extracting something worthwhile from their experience and in seeking experiences rich in opportunities for growth."

Frame Breaking

Framing involves matching mental maps to circumstances. *Reframing* requires another skill—the ability to break frames. Why do that? A news story from the summer of 2007 illustrates. Imagine yourself among a group of friends enjoying dinner on the patio of a Washington, D.C., home. An armed, hooded intruder suddenly appears and points a gun at the head of a fourteen-year-old guest. "Give me your money," he says, "or I'll start shooting." If you're at that table,

what do you do? You could try to break frame. That's exactly what Cristina "Cha Cha" Rowan did.

> "We were just finishing dinner," [she] told the man. "Why don't you have a glass of wine with us?"
>
> The intruder had a sip of their Chateau Malescot St-Exupéry and said, "Damn, that's good wine."
>
> The girl's father . . . told the intruder to take the whole glass, and Rowan offered him the bottle.
>
> The robber, with his hood down, took another sip and a bite of Camembert cheese. He put the gun in his sweatpants. . . .
>
> "I think I may have come to the wrong house," the intruder said before apologizing. "Can I get a hug?"
>
> Rowan . . . stood up and wrapped her arms around the would-be robber. The other guests followed.
>
> "Can we have a group hug?" the man asked. The five adults complied.
>
> The man walked away a few moments later with a filled crystal wine glass, but nothing was stolen, and no one was hurt. Police were called to the scene and found the empty wine glass unbroken on the ground in an alley behind the house [Associated Press, 2007].

In one stroke, Cha Cha Rowan redefined the situation from "we might all be killed" to "let's offer our guest some wine." Like her, artistic managers frame and reframe experience fluidly, sometimes with extraordinary results. A critic once commented to Cézanne, "That doesn't look anything like a sunset." Pondering his painting, Cézanne responded, "Then you don't see sunsets the way I do." Like Cézanne and Rowan, leaders have to find new ways to shift points of view when needed.

Like maps, frames are both windows on a territory and tools for navigation. Every tool has distinctive strengths and limitations. The right tool makes a job easier, but the wrong one gets in the way. Tools thus become useful only when a situation is sized up accurately. Furthermore, one or two tools may suffice for simple jobs, but not for more complex undertakings. Managers who master the hammer and expect all problems to behave like nails find life at work confusing and frustrating. The wise manager, like a skilled carpenter, wants at hand a diverse collection of high-quality implements. Experienced managers also

understand the difference between possessing a tool and knowing when and how to use it. Only experience and practice bring the skill and wisdom to take stock of a situation and use suitable tools with confidence and skill.

The Four Frames

Only in the last half century have social scientists devoted much time or attention to developing ideas about how organizations work, how they should work, or why they often fail. In the social sciences, several major schools of thought have evolved. Each has its own concepts and assumptions, espousing a particular view of how to bring social collectives under control. Each tradition claims a scientific foundation. But a theory can easily become a theology that preaches a single, parochial scripture. Modern managers must sort through a cacophony of voices and visions for help.

Sifting through competing voices is one of our goals in writing this book. We are not searching for the one best way. Rather, we consolidate major schools of organizational thought into a comprehensive framework encompassing four perspectives. Our goal is usable knowledge. We have sought ideas powerful enough to capture the subtlety and complexity of life in organizations yet simple enough to be useful. Our distillation has drawn much from the social sciences—particularly sociology, psychology, political science, and anthropology. Thousands of managers and scores of organizations have helped us sift through social science research to identify ideas that work in practice. We have sorted insights from both research and practice into four major frames—structural, human resource, political, and symbolic (Bolman and Deal, 1984). Each is used by academics and practitioners alike and found on the shelves of libraries and bookstores.

Four Frames: As Near as Your Local Bookstore Imagine a harried executive browsing in the management section of her local bookseller on a brisk winter day in 2008. She worries about her company's flagging performance and fears that her job might soon disappear. She spots the black-on-white spine of *The Last Link: Closing the Gap That Is Sabotaging Your Business* (Crawford, 2007). Flipping through the pages, she notices chapter titles like "Data," "Discipline," and "Linking It Together." She is drawn to phrases such as "It all comes down to one thing, doesn't it. Are you making your numbers?" and "a new formula for 21st-century business success." "This stuff may be good," the executive tells herself, "but it seems a little stiff."

Next, she finds *The SPEED of Trust: The One Thing That Changes Everything* (Covey and Merrill, 2006). Glancing inside, she reads, "Take communication. In a high-trust relationship, you can say the wrong thing and people will still get your meaning. In a low-trust relationship, you can be very measured, even precise, and they'll still misinterpret you." "Sounds nice," she mumbles, "but a little touchy-feely. Let's look for something more down to earth."

Continuing her search, she picks up *Secrets to Winning at Office Politics: How to Achieve Your Goals and Increase Your Influence at Work* (McIntyre, 2005). She scans chapter titles: "Forget Fairness, Look for Leverage," "Political Games: Moves and Countermoves," "Power, Power, Who Has the Power?" She chews over the book's key message—that we all engage in politics every day at work, even though we don't like to admit it. "Does it really all come down to politics?" she wonders. "It seems too cynical. Isn't there something more uplifting?"

She spots *The Starbucks Experience: 5 Principles for Turning Ordinary into Extraordinary* (Michelli, 2006). She ponders the five basic principles the book credits for the success of Starbucks: Make it your own. Everything matters. Surprise and delight. Embrace resistance. Leave your mark. She reads that these principles "remind all of us—you, me, the janitor, and the CEO—that we are responsible for unleashing a passion that ripples outward from behind the scenes, through the customer experience, and ultimately out into our communities" (p. 1). She wonders if such fervor can be sustained for long.

In her local bookstore, our worried executive has rediscovered the four perspectives at the heart of this book. Four distinct metaphors capture the essence of each of the books she examined: organizations as factories, families, jungles, and temples or carnivals.

Factories The first book she stumbled on, *The Last Link,* provides counsel on how to think clearly and get organized, extending a long tradition that treats an organization as a factory. Drawing from sociology, economics, and management science, the structural frame depicts a rational world and emphasizes organizational architecture, including goals, structure, technology, specialized roles, coordination, and formal relationships. Structures—commonly depicted by organization charts—are designed to fit an organization's environment and technology. Organizations allocate responsibilities ("division of labor"). They then create rules, policies, procedures, systems, and hierarchies to coordinate diverse activities into a unified effort. Problems arise when structure doesn't line

up well with current circumstances. At that point, some form of reorganization or redesign is needed to remedy the mismatch.

Families Our executive next encountered *The SPEED of Trust,* with its focus on interpersonal relationships. The human resource perspective, rooted in psychology, sees an organization as an extended family, made up of individuals with needs, feelings, prejudices, skills, and limitations. From a human resource view, the key challenge is to tailor organizations to individuals—finding ways for people to get the job done while feeling good about themselves and their work.

Jungles *Secrets to Winning at Office Politics* is a contemporary application of the political frame, rooted in the work of political scientists. It sees organizations as arenas, contests, or jungles. Parochial interests compete for power and scarce resources. Conflict is rampant because of enduring differences in needs, perspectives, and lifestyles among contending individuals and groups. Bargaining, negotiation, coercion, and compromise are a normal part of everyday life. Coalitions form around specific interests and change as issues come and go. Problems arise when power is concentrated in the wrong places or is so broadly dispersed that nothing gets done. Solutions arise from political skill and acumen—as Machiavelli suggested centuries ago in *The Prince* ([1514] 1961).

Temples and Carnivals Finally, our executive encountered *The Starbucks Experience,* with its emphasis on culture, symbols, and spirit as keys to organizational success. The symbolic lens, drawing on social and cultural anthropology, treats organizations as temples, tribes, theaters, or carnivals. It abandons assumptions of rationality prominent in other frames and depicts organizations as cultures, propelled by rituals, ceremonies, stories, heroes, and myths rather than rules, policies, and managerial authority. Organization is also theater: actors play their roles in the drama while audiences form impressions from what they see on stage. Problems arise when actors don't play their parts appropriately, symbols lose their meaning, or ceremonies and rituals lose their potency. We rekindle the expressive or spiritual side of organizations through the use of symbol, myth, and magic.

The FBI and the CIA: A Four-Frame Story

A saga of two squabbling agencies illustrates how the four frames provide different views of the same situation. Riebling (2002) documents the long history of

head-butting between America's two intelligence agencies, the Federal Bureau of Investigation and the Central Intelligence Agency. Both are charged with combating espionage and terrorism, but the FBI's authority is valid within the United States, while the CIA's mandate covers everywhere else. Structurally, the FBI is housed in the Department of Justice and reports to the attorney general. The CIA reported through the director of central intelligence to the president until 2004, when a reorganization put it under a new director of national intelligence.

At a number of major junctures in American history (including the assassination of President John F. Kennedy, the Iran-Contra scandal, and the 9/11 terrorist attacks), each agency held pieces of a larger puzzle, but coordination snafus made it hard for anyone to see all the pieces, much less put them together. After 9/11, both agencies came under heavy criticism, and each blamed the other for lapses. The FBI complained that the CIA had known, but had failed to inform the FBI, that two of the terrorists had entered the United States and had been living in California since 2000 (Seper, 2005). But an internal Justice Department investigation also concluded that the FBI didn't do very well with the information it did get. Key signals were never "documented by the bureau or placed in any system from which they could be retrieved by agents investigating terrorist threats" (Seper, 2005, p. 1).

Structural barriers between the FBI and the CIA were exacerbated by the enmity between the two agencies' patron saints, J. Edgar Hoover and "Wild Bill" Donovan. When he first became FBI director in the 1920s, Hoover reported to Donovan, who didn't trust him and tried to get him fired. When World War II broke out, Hoover lobbied to get the FBI identified as the nation's worldwide intelligence agency. He fumed when President Franklin D. Roosevelt instead created a new agency and made Donovan its director. As often happens, cooperation between two units was chronically hampered by a rocky personal relationship between two top dogs who never liked one another.

Politically, the relationship between the FBI and CIA was born in turf conflict because of Roosevelt's decision to give responsibility for foreign intelligence to Donovan instead of Hoover. The friction persisted over the decades as both agencies vied for turf and funding from Congress and the White House.

Symbolically, different histories and missions led to very distinct cultures. The FBI, which built its image with the dramatic capture or killing of notorious gang leaders, bank robbers, and foreign agents, liked to pounce on suspects quickly and publicly. The CIA preferred to work in the shadows, believing that patience

and secrecy were vital to its task of collecting intelligence and rooting out foreign spies.

Senior U.S. officials have recognized for many years that the conflict between the FBI and CIA damages U.S. security. But most initiatives to improve the relationship have been partial and ephemeral, falling well short of addressing the full range of issues.

Multiframe Thinking

The overview of the four-frame model in Exhibit 1.1 shows that each of the frames has its own image of reality. You may be drawn to some and repelled by others. Some perspectives may seem clear and straightforward, while others seem puzzling. But learning to apply all four deepens your appreciation and understanding of organizations. Galileo discovered this when he devised the first telescope. Each lens he added contributed to a more accurate image of the heavens.

Exhibit 1.1.
Overview of the Four-Frame Model.

	FRAME			
	STRUCTURAL	HUMAN RESOURCE	POLITICAL	SYMBOLIC
Metaphor for organization	Factory or machine	Family	Jungle	Carnival, temple, theater
Central concepts	Rules, roles, goals, policies, technology, environment	Needs, skills, relationships	Power, conflict, competition, organizational politics	Culture, meaning, metaphor, ritual, ceremony, stories, heroes
Image of leadership	Social architecture	Empowerment	Advocacy and political savvy	Inspiration
Basic leadership challenge	Attune structure to task, technology, environment	Align organizational and human needs	Develop agenda and power base	Create faith, beauty, meaning

Successful managers take advantage of the same truth. Like physicians, they reframe, consciously or intuitively, until they understand the situation at hand. They use more than one lens to develop a diagnosis of what they are up against and how to move forward.

This claim about the advantages of multiple perspectives has stimulated a growing body of research. Dunford and Palmer (1995) found that management courses teaching multiple frames had significant positive effects over both the short and long term—in fact, 98 percent of their respondents rated reframing as helpful or very helpful, and about 90 percent felt it gave them a competitive advantage. Other studies have shown that the ability to use multiple frames is associated with greater effectiveness for managers and leaders (Bensimon, 1989, 1990; Birnbaum, 1992; Bolman and Deal, 1991, 1992a, 1992b; Heimovics, Herman, and Jurkiewicz Coughlin, 1993, 1995; Wimpelberg, 1987).

Multiframe thinking requires moving beyond narrow, mechanical approaches for understanding organizations. We cannot count the number of times managers have told us that they handled some problem the "only way" it could be done. Such statements betray a failure of both imagination and courage and reveal a paralyzing fear of uncertainty. It may be comforting to think that failure was unavoidable and we did all we could. But it can be liberating to realize there is always more than one way to respond to any problem or dilemma. Those who master reframing report a sense of choice and power. Managers are imprisoned only to the extent that their palette of ideas is impoverished.

Akira Kurosawa's classic film *Rashomon* recounts the same event through the eyes of several witnesses. Each tells a different story. Similarly, organizations are filled with people who have their own interpretations of what is and should be happening. Each version contains a glimmer of truth, but each is a product of the prejudices and blind spots of its maker. No single story is comprehensive enough to make an organization truly understandable or manageable. Effective managers need multiple tools, the skill to use each, and the wisdom to match frames to situations.[3]

Lack of imagination—Langer (1989) calls it "mindlessness"—is a major cause of the shortfall between the reach and the grasp of so many organizations—the empty chasm between noble aspirations and disappointing results. The gap is painfully acute in a world where organizations dominate so much of our lives. The commission appointed by President George W. Bush to investigate the terrorist attacks of September 11, 2001, concluded that the strikes "should not have

come as a surprise" but did because the "most important failure was one of imagination." Taleb (2007) depicts events like the 9/11 attacks as "black swans"—novel events that are unexpected because we have never seen them before. If every swan we've observed is white, we expect the same in the future. But fateful, make-or-break events are more likely to be situations we've never experienced before. Imagination is our best chance for being ready when a black swan sails into view, and multiframe thinking is a powerful stimulus to the broad, creative mind-set imagination requires.

Engineering and Art

Exhibit 1.2 presents two contrasting approaches to management and leadership. One is a rational-technical mind-set emphasizing certainty and control. The other is an expressive, artistic conception encouraging flexibility, creativity, and

Exhibit 1.2.
Expanding Managerial Thinking.

HOW MANAGERS THINK	HOW MANAGERS MIGHT THINK
They often have a limited view of organizations (for example, attributing almost all problems to individuals' flaws and errors).	They need a holistic framework that encourages inquiry into a range of significant issues: people, power, structure, and symbols.
Regardless of a problem's source, managers often choose rational and structural solutions: facts, logic, restructuring.	They need a palette that offers an array of options: bargaining as well as training, celebration as well as reorganization.
Managers often value certainty, rationality, and control while fearing ambiguity, paradox, and "going with the flow."	They need to develop creativity, risk taking, and playfulness in responses to life's dilemmas and paradoxes, focusing as much on finding the right question as the right answer, on finding meaning and faith amid clutter and confusion.
Leaders often rely on the "one right answer" and the "one best way"; they are stunned at the turmoil and resistance they generate.	Leaders need passionate, unwavering commitment to principle, combined with flexibility in understanding and responding to events.

interpretation. The first portrays managers as technicians; the second sees them as artists.

Artists interpret experience and express it in forms that can be felt, understood, and appreciated by others. Art embraces emotion, subtlety, ambiguity. An artist reframes the world so others can see new possibilities. Modern organizations often rely too much on engineering and too little on art in searching for quality, commitment, and creativity. Art is not a replacement for engineering but an enhancement. Artistic leaders and managers help us look beyond today's reality to new forms that release untapped individual energies and improve collective performance. The leader as artist relies on images as well as memos, poetry as well as policy, reflection as well as command, and reframing as well as refitting.

SUMMARY

As organizations have become pervasive and dominant, they have also become harder to understand and manage. The result is that managers are often nearly as clueless as the Dilberts of the world think they are. The consequences of myopic management and leadership show up every day, sometimes in small and subtle ways, sometimes in organizational catastrophes. Our basic premise is that a primary cause of managerial failure is faulty thinking rooted in inadequate ideas. Managers and those who try to help them too often rely on constricted models that capture only part of organizational life.

Learning multiple perspectives, or frames, is a defense against thrashing around without a clue about what you are doing or why. Frames serve multiple functions. They are filters for sorting essence from trivia, maps that aid navigation, and tools for solving problems and getting things done. This book is organized around four frames rooted in both managerial wisdom and social science knowledge. The structural approach focuses on the architecture of organization—the design of units and subunits, rules and roles, goals and policies. The human resource lens emphasizes understanding people, their strengths and foibles, reason and emotion, desires and fears. The political view sees organizations as competitive arenas of scarce resources, competing interests, and struggles for power and advantage. Finally, the symbolic frame focuses on issues of meaning and faith. It puts ritual, ceremony, story, play, and culture at the heart of organizational life.

Each of the frames is both powerful and coherent. Collectively, they make it possible to reframe, looking at the same thing from multiple lenses or points of view. When the world seems hopelessly confusing and nothing is working, reframing is a powerful tool for gaining clarity, regaining balance, generating new options, and finding strategies that make a difference.

NOTES

1. Enron's reign as history's greatest corporate catastrophe was brief. An even bigger behemoth, WorldCom, with assets of more than $100 billion, thundered into Chapter 11 seven months later, in July 2002. Stock worth more than $45 a share two years earlier fell to nine cents.
2. Among the possible ways of talking about frames are schemata or schema theory (Fiedler, 1982; Fiske and Dyer, 1985; Lord and Foti, 1986), representations (Frensch and Sternberg, 1991; Lesgold and Lajoie, 1991; Voss, Wolfe, Lawrence, and Engle, 1991), cognitive maps (Weick and Bougon, 1986), paradigms (Gregory, 1983; Kuhn, 1970), social categorizations (Cronshaw, 1987), implicit theories (Brief and Downey, 1983), mental models (Senge, 1990), definitions of the situation, and root metaphors.
3. A number of scholars (including Allison, 1971; Bergquist, 1992; Birnbaum, 1988; Elmore, 1978; Morgan, 1986; Perrow, 1986; Quinn, 1988; Quinn, Faerman, Thompson, and McGrath, 1996; and Scott, 1981) have made similar arguments for multiframe approaches to groups and social collectives.

chapter
TWO

Simple Ideas, Complex Organizations

America's East Coast welcomed a crisp, sunny fall morning on September 11, 2001. For airline passengers in the Boston–Washington corridor, the perfect fall weather offered prospects of on-time departures and smooth flights. The promise would be broken for four flights, all bound for California. Like Pearl Harbor, 9/11 was a day that will live in infamy, a tragedy that changed America's sense of itself and the world. If we probe the how and why of 9/11, we find determined and resourceful terrorists, but we also find vulnerability and errors in organizations charged with detecting and preventing such catastrophes.

American Airlines flight 11 was first in the air, departing from Boston on time at 8:00 AM. United 175 followed at 8:15, ten minutes behind schedule. American 77, after a twenty-minute delay, left Washington-Dulles at 8:20 AM. Delayed forty minutes by congestion at Newark, United flight 93 departed at 8:42 AM.

The first sign that something was amiss for American 11 came less than fifteen minutes into the flight, when pilots stopped responding to input from air traffic controllers. For United 175, signs surfaced when the aircraft changed beacon codes, deviated from its assigned altitude, and failed to respond to New York air traffic controllers. American 77 departed from its assigned course at 8:54 AM, and attempts to communicate with the plane were futile. The last flight, United 93,

followed a routine trajectory until the aircraft dropped precipitously. The captain radioed "Mayday," and controllers heard sounds of a violent struggle in the cockpit.

All four planes had been hijacked by teams of Al Quaeda terrorists who had managed to board the planes in spite of a security checkpoint system aimed at preventing such occurrences. In a meticulously planned scheme, the terrorists turned commercial aircraft into deadly missiles. Each aircraft was aimed at a high-profile target—New York's World Trade Center, the Pentagon, and the nation's Capitol. One by one, the planes slammed into their targets with devastating force. Only United 93 failed to reach its objective. A heroic passenger effort to regain control of the plane failed but thwarted the terrorists' intentions to ram the White House or Capitol building.

Why did no one foresee such a catastrophe? In fact, some had. As far back as 1993, security experts had envisioned an attempt to destroy the World Trade Center using airplanes as weapons. Such fears were reinforced when a suicidal pilot crashed a small private plane onto the White House lawn in 1994. But the mind-set of principals in the national security network was riveted on prior hijacks, which had almost always ended in negotiations. The idea of a suicide mission, using commercial aircraft as missiles, was never incorporated into homeland defense procedures.

America's homeland air defense system fell primarily under the jurisdiction of two government agencies: the Federal Aviation Administration (FAA) and the North American Aerospace Defense Command (NORAD). As the events of 9/11 unfolded, it became clear that these agencies' procedures to handle hijackings were inadequate. The controller tracking American 11, for example, began to suspect a hijacking early on and relayed the information to regional FAA headquarters, which began to follow its hijack protocol. As part of that protocol, a designated hijack coordinator could have requested a military fighter escort for the hijacked aircraft—but none was requested until too late.

At the same time, communication channels fell behind fast-moving events. Confusion at FAA headquarters resulted in a delay in informing NORAD about United 93. An interagency teleconference to provide coordination between the military and the FAA was hastily put together, but technical delays kept the FAA from participating. When NORAD asked for FAA updates, they got either no answer or incorrect information. Long after American 11 crashed into the World Trade Center, NORAD thought the flight was still headed toward Washington, D.C.

In the end, nineteen young men were able to outwit America's homeland defense systems. We can explain their success in part by pointing to their fanatical determination, meticulous planning, and painstaking preparation. Looking deeper, we can see a dramatic version of an old story: human error leading to tragedy. But if we look deeper still, we find that even the human-error explanation is too simple. In organizational life, there are almost always systemic causes upstream of human failures, and the events of 9/11 are no exception.

The nation had a web of procedures and agencies aimed at detecting and monitoring potential terrorists. Those systems failed, as did procedures designed to respond to aviation crises. Similar failures have marked other well-publicized disasters: nuclear accidents at Chernobyl and Three Mile Island, for example, and the botched response to Hurricane Katrina on the Gulf Coast in 2005. Each event illustrates a chain of error, miscommunication, and misguided actions.

Events like 9/11 and Katrina make headlines, but similar errors and failures happen every day. They rarely make front-page news, but they are all too familiar to people who work in organizations. The problem is that organizations are complicated, and communication among them adds another tangled layer. Reading messy situations accurately is not easy. In the remainder of this chapter, we explain why. We discuss how the fallacies of human thinking can obscure what's really going on and lead us astray. Then we describe some peculiarities of organizations that make them so difficult to figure out and manage.

COMMON FALLACIES IN EXPLAINING ORGANIZATIONAL PROBLEMS

Albert Einstein once said that a thing should be made as simple as possible, but no simpler. When we ask students and managers to analyze cases like 9/11 they often make things simpler than they really are. They do this by relying on one of three misleading, oversimplified one-size-fits-all concepts.

The first and most common is *blaming people.* This approach casts everything in terms of individual blunders. Problems result from bad attitudes, abrasive personalities, neurotic tendencies, stupidity, or incompetence. It's an easy way to explain anything that goes wrong. Once Enron went bankrupt, the hunt was on for someone to blame, and the top executives became the target of reporters, prosecutors, and talk-show comedians. One CEO said, "We want the bad guys exposed and the bad guys punished" (Toffler and Reingold, 2004, p. 229).

As children, we learned it was important to assign blame for every broken toy, stained carpet, or wounded sibling. Pinpointing the culprit is comforting. Assigning blame resolves ambiguity, explains mystery, and makes clear what must be done next: punish the guilty. Enron had its share of culpable individuals, some of whom eventually went to jail. But there is a larger story about the organizational and social context that set the stage for individual malfeasance. Targeting individuals while ignoring larger system failures oversimplifies the problem and does little to prevent its recurrence.

GREATEST HITS FROM ORGANIZATION STUDIES

Hit Number 10: James G. March and Herbert A. Simon, *Organizations* (New York: Wiley, 1958)

March and Simon's pioneering 1958 book *Organizations* sought to define a new field by offering a structure and language for studying organizations. It was part of the body of work that helped to earn Simon the 1978 Nobel Prize for economics.[1]

No brief summary can cover the range of topics March and Simon considered. They offered a cognitive, social-psychological view of organizational behavior with an emphasis on thinking, information processing, and decision making. The book begins with a model of behavior that presents humans as continually seeking to satisfy motives based on their aspirations. Aspirations at any given time are a function of both individuals' history and their environment. When aspirations are unsatisfied, people search until they find better, more satisfying options. Organizations influence individuals primarily by managing the information and options, or "decision premises," that they consider.

March and Simon followed Simon's earlier work (1947) in critiquing the economic view of "rational man," who maximizes utility by considering all available options and choosing the best. Instead, they argue that both individuals and organizations have limited information and restricted ability to process what is available. They never will know all the options. Instead, they gradually alter their aspirations as they search for alternatives. Instead of looking for the best option, "maximizing,"

individuals and organizations "satisfice," choosing the first option that is good enough.

Organizational decision making is additionally complicated because the environment is complex. Resources (time, attention, money, and so on) are scarce, and conflict among individuals and groups is constant. Organizational design happens through piecemeal bargaining that holds no guarantee of optimal rationality. Organizations simplify the environment to reduce the pressure on limited information-processing and decision-making capacities. They simplify by developing "programs"—standardized routines for performing repetitive tasks. Once a program is in place, the incentive is to stay with it as long as the results are marginally satisfactory. Otherwise, the organization is forced to expend time and energy to innovate. Routine tends to drive out innovation, because individuals find it easier and less taxing to devote limited time and energy to programmed tasks (which are automatic, well practiced, and more certain of success). Thus, a student facing a term-paper deadline may find it easier to "fritter"—make tea, rearrange the desk, check e-mail, and browse the Web—than to figure out how to write a good opening paragraph. A manager may sacrifice quality to avoid changing a well-established routine.

March and Simon's book falls primarily within the structural and human resource views. But their discussions of scarce resources, power, conflict, and bargaining recognize the reality of organizational politics. Although they do not use the term *framing,* March and Simon reaffirm its logic as an essential component of choice. Decision making, they argue, is always based on a simplified model of the world. Organizations develop unique vocabulary and classification schemes, which determine what people are likely to see and respond to. Things that don't fit an organization's mind-set are likely to be ignored or reframed into terms the organization can understand.

When it is hard to identify a guilty individual, a second popular option is *blaming the bureaucracy.* Things go haywire because organizations are stifled by rules and red tape—or because a lack of clear goals and roles creates chaos. One or the other explanation almost always applies. If things are out of control, then

the system needs clearer rules and procedures, as well as tighter job descriptions. The 9/11 terrorist attacks could have been thwarted if agencies had had better protocols for such a terrorist attack. Tighter financial controls could have prevented Enron's free fall. The problem is that piling on rules and regulations typically leads to bureaucratic rigidity. Rules inhibit freedom and flexibility, stifle initiative, and generate reams of red tape. Could Enron have achieved its status as America's most innovative company if it had played by the old rules? When things become too tight, the solution is to "free up" the system so red tape and rigid rules don't stifle creativity and bog things down. But many organizations vacillate endlessly between being too loose and too tight.

A third fallacy attributes problems to *thirsting for power.* In the case of Enron, key executives were more interested in getting rich and expanding their turf than in advancing the company's best interests. The various agencies dealing with 9/11 all struggled prior to the disaster for their share of scarce federal resources. This view sees organizations as jungles teeming with predators and prey. Victory goes to the more adroit, or the more treacherous. Political games and turf wars cause most organizational problems. You need to play the game better than your opponents—and watch your backside.

Each of these three perspectives contains a kernel of truth but oversimplifies a knottier reality. Blaming people points to the perennial importance of individual responsibility. Some problems *are* caused by personal characteristics: rigid bosses, slothful subordinates, bumbling bureaucrats, greedy union members, or insensitive elites. Much of the time, though, condemning individuals blocks us from seeing system weaknesses and offers few workable options. If, for example, the problem really is someone's abrasive or pathological personality, what do we do? Even psychiatrists find it hard to alter character disorders, and firing everyone with a less-than-ideal personality is rarely a viable option. Training can go only so far in preparing people to carry out their responsibilities perfectly every time.

The blame-the-bureaucracy perspective starts from a reasonable premise: organizations are created to achieve specific goals. They are most effective when goals and policies are clear (but not excessive), jobs are well defined (but not constricting), control systems are in place (but not oppressive), and employees behave prudently (but not callously). If organizations always behaved that way, they would presumably work a lot better than most do. In practice, this perspective is better at explaining how organizations should work than why they often don't. Managers who cling to facts and logic become discouraged and frustrated

when confronted by intractable irrational forces. Year after year, we witness the introduction of new control systems, hear of new ways to reorganize, and are dazzled by emerging management methods and gurus. Yet old problems persist, seemingly immune to every rational cure we devise. As March and Simon point out, rationality has limits.

The thirst-for-power view highlights enduring, below-the-surface features of organizations. Its dog-eat-dog logic offers a plausible analysis of almost anything that goes wrong. People both seek and despise power but find it a convenient way to explain problems. Within hours of the 9/11 terror attacks, a senior FBI official called Richard Clarke, America's counterterrorism czar, to tell him that many of the terrorists were known members of Al Quaeda. "How the f__k did they get on board then?" Clarke exploded. "Hey, don't shoot the messenger. CIA forgot to tell us about them." In the context of the long-running battle between the FBI and CIA, the underlying message of blame was clear: the CIA's self-interested concern with its own power caused this catastrophe.

The tendency to blame what goes wrong on people, the bureaucracy, or the thirst for power is part of our mental wiring. But there's much more to understanding a complex situation than assigning blame. Certain universal peculiarities of organizations make them especially difficult to sort out.

PECULIARITIES OF ORGANIZATIONS

Human organizations can be exciting and challenging places. At least, that's how they are often depicted in management texts, corporate annual reports, and fanciful managerial thinking. But in reality they can be deceptive, confusing, and demoralizing. It is a mistake to assume that organizations are either snake pits or rose gardens (Schwartz, 1986). Managers need to recognize characteristics of life at work that create opportunities for the wise as well as traps for the unwary. A case from the public sector provides a typical example:

DECEPTION AT WORK

Helen Demarco arrived in her office to discover a clipping from the local paper. The headline read, "Osborne Announces Plan." Paul Osborne had arrived two months earlier as Amtran's new chief executive. His mandate was to "revitalize, cut costs, and improve efficiency." After

twenty years, Demarco had achieved a senior management position at the agency. She had little contact with Osborne, but her boss reported to him. Along with long-term colleagues, Demarco had been waiting apprehensively to learn what the new chief had in mind. She was startled as she read the newspaper account. Osborne's plan made technical assumptions directly related to her area of expertise. He might be a change agent, she thought, but he doesn't know much about our technology. She saw immediately the new plan's fatal flaws. *If he tries to implement this, it'll be the worst management mistake since the Edsel,* she thought to herself.

Two days later, Demarco and her colleagues received a memo instructing them to form a committee to work on the revitalization plan. When the group convened, everyone agreed the plan was crazy.

"What do we do?" someone asked.

"Why don't we just tell him it won't work?" said one hopeful soul.

"He's already gone public! You want to tell him his baby is ugly?"

"Not me. Besides, he already thinks a lot of us are deadwood. If we tell him it's no good, he'll just think we're defensive."

"Well, we can't just go ahead with it. We'd be throwing away money and it'll never work!"

"That's true," said Demarco thoughtfully. "But what if we tell him we're conducting a study of how to implement the plan?"

Her suggestion was approved overwhelmingly. The group informed Osborne that a study was under way. They even got a substantial budget to support their "research." No one mentioned the study's real purpose: buy time and find a way to minimize the damage without alienating the boss.

Over time, the group developed a strategy. Members assembled a lengthy technical report, filled with graphs, tables, and impenetrable jargon. The report offered Osborne two options. Option A, his original plan, was presented as technically feasible but expensive—well beyond anything Amtran could afford. Option B, billed as a "modest downscaling" of the original plan, was projected as a more cost-effective alternative.

When Osborne pressed the group on the huge cost disparity between the two proposals, he received a barrage of technical language and

complicated cost-benefit projections. No one mentioned that even Option B offered few benefits at a very high cost. Osborne argued and pressed for more information. But given the apparent facts, he agreed to proceed with Option B. The plan required several years to implement, and Osborne moved on before it became operational. Even so, the "Osborne plan" was widely heralded as another instance of Paul Osborne's talent for revitalizing ailing organizations.

Helen Demarco came away with deep feelings of frustration and failure. The Osborne plan, in her view, was a wasteful mistake, and she had knowingly participated in a charade. "But," she rationalized to herself, "I really didn't have much choice. Osborne was determined to go ahead. It would have been career suicide to try to stop him."

Demarco had other options, but she couldn't see them. She and Paul Osborne both thought they were on track. They were tripped up in part by human fallibility, but even more important, by how hard it can be to understand organizations. The first step in managerial wisdom and artistry is to recognize key characteristics of organizations. Otherwise, managers are persistently surprised and caught off guard.

First, *organizations are complex.* They are populated by people, whose behavior is notoriously hard to predict. Large organizations in particular include a bewildering array of people, departments, technologies, and goals. Moreover, organizations are open systems dealing with a changing, challenging, and erratic environment. Things can get even more knotty across multiple organizations. The 9/11 disaster resulted from a chain of events that involved several separate systems. Almost anything can affect everything else in collective activity, generating causal knots that are hard to untangle. After an exhaustive investigation, our picture of 9/11 is woven from sundry evidence, conflicting testimony, and conjecture.

Second, *organizations are surprising.* What you expect is often not what you get. Paul Osborne saw his plan as a bold leap forward; Helen and her group considered it an expensive albatross. In their view, Osborne made matters *worse* by trying to improve them. He might have achieved better results by spending more time with his family and leaving things at work alone. And imagine the shock of Enron's executives when things fell apart. Until shortly before the bottom fell

out, the company's leadership team appeared confident they were building a pioneering model of corporate success. Many analysts and management professors shared their optimism.

The solution to yesterday's problems often creates future obstacles. A friend of ours was president of a retail chain. In the firm's early years, he had a problem with two sisters who worked in the same store. To prevent this from recurring, he established a nepotism policy prohibiting members of the same family from working for the company. Years later, two key employees met at work, fell in love, and began to live together. The president was stunned when they asked if they could get married without being fired. As in this case, today's sensible choice may turn into tomorrow's regret. Taking action in a cooperative venture is like shooting a wobbly cue ball into a scattered array of self-directed billiard balls. Balls career in so many directions that it is impossible to know how things will eventually sort out.

Third, *organizations are deceptive.* They camouflage mistakes and surprises. After 9/11, America's homeland defense organizations tried to conceal their lack of preparedness and confusion for fear of revealing strategic weaknesses. Enron raised financial camouflage to an art form with a series of sophisticated partnerships (carrying *Star Wars* names like Chewco, Jedi, and Kenobe). Helen Demarco and her colleagues disguised obfuscation as technical analysis in hopes of fooling the boss.

It is tempting to blame deceit on individual character flaws. Yet Helen Demarco disliked fraud and regretted cheating—she simply believed she had no other alternative. Sophisticated managers know that what happened to Paul Osborne happens all the time. When a quality initiative fails or a promising product tanks, subordinates often either clam up or cover up. They fear that the boss will not listen or will punish them for being insubordinate. Thus early warnings that terrorists might commandeer commercial airliners went unvoiced or unheeded. Internal naysayers at Enron were silenced until dissenters "blew the whistle" publicly. A friend in a senior position in a large government agency put it simply: "Communications in organizations are rarely candid, open, or timely."

Fourth, *organizations are ambiguous.* Complexity, unpredictability, and deception generate rampant ambiguity, a dense fog that shrouds what happens from day to day. Figuring out what is really going on in businesses, hospitals, schools, or public agencies is not easy. It is hard to get the facts and, if you pin them down, even harder to know what they mean or what to do about them. Helen Demarco never knew how Paul Osborne really felt, how receptive he was to other

points of view, or how open he was to compromise. She and her peers piled on more mystery by conspiring to keep him in the dark. As the 9/11 case illustrates, when you incorporate additional organizations into the human equation, uncertainty mushrooms.

Ambiguity has many sources. Sometimes available information is incomplete or vague. Different people may interpret the same information in a variety of ways, depending on mind-sets and organizational doctrines. At other times, ambiguity is intentionally manufactured as a smoke screen to conceal problems or steer clear of conflict. Much of the time, events and processes are so intricate, scattered, and uncoordinated that no one can fully understand—let alone control—the real truth. Exhibit 2.1 lists some of the most important sources of organizational uncertainty.

Exhibit 2.1.
Sources of Ambiguity.

- We are not sure what the problem is.
- We are not sure what is really happening.
- We are not sure what we want.
- We do not have the resources we need.
- We are not sure who is supposed to do what.
- We are not sure how to get what we want.
- We are not sure how to determine if we have succeeded.

Source: Adapted from McCaskey (1982).

ORGANIZATIONAL LEARNING

How can lessons be extracted from surroundings that are complex, surprising, deceptive, and ambiguous? It isn't easy. Yet turbulent, rapidly shifting situations require organizations to learn better and faster. Michael Dell, founder and CEO of Dell Computer Corporation, explained it this way: "In our business, the product cycle is six months, and if you miss the product cycle, you've missed the opportunity. In this business, there are two kinds of people, really: the quick and the dead" (Farkas and De Backer, 1996).

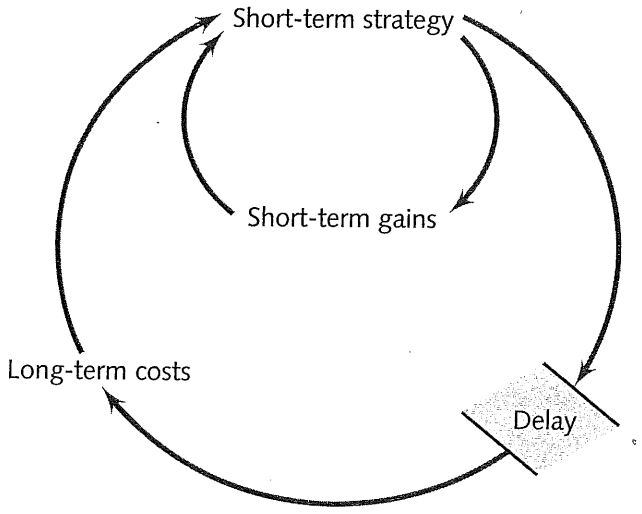
With stakes so high, how organizations learn from experience has become a timely topic. Decades ago, scholars debated whether the idea of organizational learning made sense: Could organizations actually learn, or was learning inherently individual? That debate lapsed as experience verified instances where individuals learned and organizations didn't, or vice versa. Complex firms such as Microsoft, Toyota, and British Airways have "learned" capabilities far beyond individual knowledge. Lessons are enshrined in acknowledged protocols and shared cultural codes and traditions. At the same time, individuals often learn when systems cannot.

From the late 1980s onward, senior officials in China recognized that the nation was heading in two contradictory directions, promoting capitalism economically while defending communism politically. Behind the scenes, party members began an urgent search for a way to bridge the gap between rival ideologies. Publicly, though, the party tamped down dissent and argued that capitalism was one more sign of socialist progress (Kahn, 2002). Most knew the party was on the road to perdition, but the system obscured that reality.

Several perspectives on organizational learning are exemplified in the work of Peter Senge (1990), Barry Oshry (1995), and Chris Argyris and Donald Schön (1978, 1996). Senge sees a core learning dilemma: "We learn best from our experience, but we never directly experience the consequences of many of our decisions" (p. 23). Learning is relatively easy when the link between cause and effect is clear. But complex systems often sever that connection: causes remote from effects, solutions detached from problems, and feedback delayed or misleading (Cyert and March, 1963; Senge, 1990). At home, you flip a switch and the light goes on. In an organization, you flip the switch and nothing happens—or a toilet may flush in a distant building. You are still in the dark, and the user of the toilet is unpleasantly surprised. To understand what is going on, you need to master the system's circular causality.

Senge emphasizes the value of "system maps" that clarify how a system works. Consider the system created by "Chainsaw Al" Dunlap, CEO of Scott Paper in the early 1990s. Dunlap was proud of his nickname and his turnaround at Scott. He raised profits and market value substantially by slashing head count and cutting frills such as research and development. But he rarely acknowledged Scott's steady loss of market share (Byrne, 1996). It is one of many examples of actions that look good until long-term costs become apparent. A corresponding systems model might look like Exhibit 2.2. The strategy might be cutting training to improve short-term profitability, drinking martinis to relieve stress, offering rebates to

Exhibit 2.2.
Systems Model with Delay.



entice customers, or borrowing from a loan shark to cover gambling debts. In each case, what seems to work in the moment creates long-term costs down the line.

Oshry (1995) agrees that system blindness is widespread but highlights causes rooted in troubled relationships between groups that have little grasp of what's above or below their level. Top managers feel overwhelmed by complexity, responsibility, and overwork. They are chronically dissatisfied with subordinates' lack of initiative and creativity. Middle managers, meanwhile, feel trapped between contradictory signals and pressures. The top tells them to take risks but then punishes mistakes. Their subordinates expect them to shape up the boss and improve working conditions. Top and bottom tug in opposite directions, causing those in between to feel pulled apart, confused, and weak. At the bottom, workers feel helpless, unacknowledged, and demoralized. "They give us lousy jobs and pay, and order us around—never telling us what's really going on. Then they wonder why we don't love our work." If you cannot step back and see how system dynamics create these patterns, you muddle along blindly, unaware of better options.

Both Oshry and Senge argue that our failure to read system dynamics traps us in a cycle of blaming and self-defense. Problems are always caused by someone

else. Unlike Senge, who sees gaps between cause and effect as primary barriers to learning, Argyris and Schön (1978, 1996) emphasize individuals' fears and defenses. As a result, "the actions we take to promote productive organizational learning actually inhibit deeper learning" (1996, p. 281).

According to Argyris and Schön, our behavior obstructs learning because we avoid undiscussable issues and tiptoe around organizational taboos. Our actions often seem to work in the short run because we avoid conflict and discomfort, but we create a double bind. We can't solve problems without dealing with problems we have tried to hide, but tackling them would expose our cover-up. Facing that double bind, Helen Demarco and her colleagues chose to disguise their scheme. The end result is escalating games of sham and deception. This is what happened at Enron, where desperate maneuvers to obscure the truth made the day of reckoning more catastrophic.

COPING WITH AMBIGUITY AND COMPLEXITY

Organizations deal with a complicated and uncertain environment by trying to make it simpler. One approach to simplification is to develop better systems and technology to collect and process information. Another is to break complex issues into smaller chunks and assign slices to specialized individuals or units. Still another approach is to hire or develop professionals with sophisticated expertise in handling thorny problems. These and other methods are helpful but not always sufficient. Despite the best efforts, unanticipated—and sometimes appalling—events still happen. The key in dealing with these events is developing better mental maps to anticipate complicated and unforeseeable problems.

You See What You Expect

On April 14, 1994, three years after the first Gulf War ended, two U.S. F-15C fighter jets took off from a base in Turkey to patrol the no-fly zone in northern Iraq. Their mission was to "clear the area of any hostile aircraft" (Snook, 2000, p. 4). The zone had not been violated in more than two years, but Iraqi antiaircraft fire was a continuing risk, and the media speculated that Saddam Hussein might be moving a large force north. At 10:22 AM, the fighter pilots reported to AWACS (Airborne Warning and Control System) controllers that they had made radar contact with two slow, low-flying aircraft. Unable to identify the aircraft electronically, the pilots descended for visual identification. The lead pilot,

Tiger 01, spotted two "Hinds"—Soviet-made helicopters used by the Iraqis. He reported his sighting, and an AWACS controller responded, "Copy, 2 Hinds" (p. 6). The fighters circled back to begin a firing run. They informed AWACS they were "engaged," and, at 10:30 AM, shot down the two helicopters.

Destroying enemy aircraft is the fighter pilots' grail. Only later did the two learn that they had destroyed two American UH-60 Black Hawk helicopters, killing all twenty-six U.N. relief workers aboard. How could experienced, highly trained pilots make such an error? Snook (2000) offers a compelling explanation. The two types of aircraft had different paint colors—Hinds tan, Black Hawks forest green—and the Black Hawks had American flags painted on the fuselage. But the Black Hawks' camouflage made them difficult to see against the terrain, particularly for fighters flying very fast at high altitudes. Visual identification required flying at a dangerously low altitude in a mountain-walled valley. The fighter pilots were eager to get above the mountains as quickly as possible. An extensive postmortem confirmed that the Black Hawks would have been difficult to identify. The pilots did the normal human thing in the face of ambiguous perceptual data: they filled in gaps based on what they knew, what they expected, and what they wanted to see. "By the time Tiger 01 saw the helicopters, he already *believed* that they were enemy. All that remained was for him to selectively match up incoming scraps of visual data with a reasonable cognitive scheme of an enemy silhouette" (p. 80).

Recall that in Chapter One, we described the "blink" process of rapid cognition. The essence of this process is matching situational cues with a well-learned mental model—a "deeply-held, nonconscious category or pattern" (Dane and Pratt, 2007, p. 37). While necessary and useful, quick judgments are not foolproof. Their accuracy depends on available clues, expectations, and patterns in the decision maker's repertory. All of these presented problems for the fighter pilots. The perceptual data were hard to read, and expectations were prejudiced by a key missing clue—no mention of friendly helicopters. Even though situation analysis plays a pivotal role in their training, pilots lacked adequate diagnostic schemata for distinguishing Hinds from Black Hawks. All this made it easy for them to conclude that they were seeing enemy aircraft.

Making Sense of What's Going On

Some events are so clear and unambiguous that it is easy for people to agree on what is going on. Determining if a train is on schedule, if a plane landed safely,

or if a clock is keeping accurate time is straightforward. But most of the important issues confronting managers are not so clear-cut. Solid facts and simple problems in everyday life at work are scarce. Will a reorganization work? Was a meeting successful? Why did a consensual decision backfire? In trying to make sense of complicated and ambiguous situations, we—like the F-15C fighter pilots—depend very much on our frames, or mind-sets, to give us a full reading of what we are up against. But snap judgments work only if we have adequately sized up the situation.

Since our interpretations depend so much on our cognitive repertoires, expectations, beliefs, and values, our internal world is as important as what is outside—sometimes more so. The fuzziness of everyday life makes it easy for people to shape the world to conform to their favored internal schemata. As noted by DeBecker, "Many experts lose the creativity and imagination of the less informed. They are so intimately familiar with known patterns that they may fail to recognize or respect the importance of a new wrinkle" (1997, p. 30). In such cases, snap judgments work against, rather than for, the person who is trying to figure things out.

Managers regularly face an unending barrage of puzzles or "messes." To act without creating more trouble, they must first grasp an accurate picture of what is happening. Then they must move quickly to a deeper level, asking, "What is *really* going on here?" That's the main objective of teaching pilots the art of situational analysis. But this important step in reading a situation is often overlooked. As a result, managers too often form superficial analyses and leap on the solutions nearest at hand or most in vogue. Market share declining? Try strategic planning. Customer complaints? Put in a quality program. Profits down? Time to reengineer or downsize.

A better alternative is to think, to probe more deeply into what is really going on, and to develop an accurate diagnosis. The process is more intuitive than analytic: "[It] is in fact a cognitive process, faster than we recognize and far different from the step-by-step thinking we rely on so willingly. We think conscious thought is somehow better, when in fact, intuition is soaring flight compared to the plodding of logic" (DeBecker, 1997, p. 28). The ability to size up a situation quickly is at the heart of leadership. Admiral Carlisle Trost, former chief of naval operations, once remarked, "The first responsibility of a leader is to figure out what is going on. . . . That is never easy to do because situations are rarely black or white, they are a pale shade of gray . . . they are seldom neatly packaged."

It all adds up to a simple truth that is easy to overlook. The world we perceive is, for the most part, constructed internally. The ideas, or theories, we hold determine whether a given situation is foggy or clear, mildly interesting or momentous, a paralyzing disaster or a genuine learning experience. Personal theories are essential because of a basic fact about human perception: in any situation, there is simply too much happening for us to attend to everything. To help us understand what is going on and what to do next, well-grounded, deeply ingrained personal theories offer two advantages: they tell us what is important and what can be safely ignored, and they group scattered bits of information into manageable patterns.

The Dilemma of Changing or Conserving

To a nonpilot, a commercial airliner's cockpit is a confusing array of controls, switches, and gauges. Yet an experienced pilot can discern the aircraft's status at a glance. Like other professionals, a pilot learns patterns that cluster seemingly fragmented bits of information into a clear picture. The patterns take many hours to learn, but once learned, they help the pilot size things up with ease, speed, and accuracy. In the same way, an experienced manager can read a situation very rapidly, decide what needs to be done, and make it happen.

The good and bad news is that, right or wrong, our theories shield us from confusion, uncertainty, and anxiety. Tiger 01, for example, knew exactly what to do because he believed what he saw. We rely on the theories we have, and, in the heat of the moment, it's not easy to recognize when we are making a big mistake if we feel confident in our judgment. But, as Gladwell writes: "Our snap judgments and first impressions can be educated and controlled" to shift the odds in our favor (2005, p. 15).

This learning needs to happen before we find ourselves in make-or-break situations. When the stakes are high, we have tried every lens we know, and nothing works, we get anxious and stuck. We are caught in a dilemma: holding on to old patterns is ineffective, but developing new mental models is difficult. It is also risky; it might lead to analysis paralysis and further erosion of our confidence and effectiveness.

This dilemma exists even if we see no flaws in our current mind-set, because our theories are self-sealing filters—they block us from recognizing our errors. Extensive research documents the many ways in which individuals spin reality to

protect existing beliefs (see, for example, Garland, 1990; Kühberger, 1995; Staw and Hoang, 1995). This helps to explain why Enron's Ken Lay insisted he had done the right thing, even though his company collapsed. Heath and Gonzalez (1995) found that decision makers rely on others more to strengthen preconceived thinking than to gain new information. Tetlock (2000) showed that managers' judgments of performance were influenced by cognitive preferences and political ideologies. Extensive research on the "framing effect" (Kahneman and Tversky, 1979) shows how powerful subtle cues can be. Relatively modest changes in how a problem or decision is framed can have a dramatic impact on how people respond (Shu and Adams, 1995; Gegerenzer, Hoffrage, and Kleinbölting, 1991). Decision makers, for example, tend to respond more favorably to an option that has a "70 percent chance of success" than one that has a "30 percent chance of failure," even though they are statistically identical.

Many of us recognize that our mental maps influence how we interpret the world. Less widely understood is that what we expect often determines what we get. Rosenthal and Jacobson (1968) studied schoolteachers who were told that certain students in their classes were "spurters"—students who were "about to bloom." The so-called spurters had been randomly selected but still achieved above-average gains on achievement tests. They really *did* spurt. Somehow the teachers' expectations were communicated to and assimilated by the students. Modern medical science is still trying to understand the power of the placebo effect—the power of sugar pills to make people better. Results are attributed to an unexplained change in the patient's belief system. Patients believe they will get better; therefore they do. Similar effects have been replicated in countless reorganizations, new product launches, and new approaches to performance appraisal. All these examples show how hard it is to disentangle the reality out there from the models in our minds.[2]

In Western cultures, particularly, there is a tendency to embrace one theory or ideology and to try to make the world conform. If it works, we persist in our view. If discrepancies arise, we try to rationalize them away. If people challenge our view, we ignore them or put them in their place. Only poor results over a long period of time call our theories into question. Even then, we often simply entrench ourselves in a new worldview, triggering the cycle again.

Japan has four major religions, each with unique beliefs and assumptions: Buddhism, Confucianism, Shintoism, and Taoism. Though the religions differ greatly in history, traditions, and basic tenets, many Japanese feel no need to choose only one. They use all four, taking advantage of the strengths of each for

suitable purposes or occasions. The four frames can play a similar role for managers in modern organizations. Rather than portraying the field of organizational theory as fragmented, we present it as pluralistic. Seen this way, the field offers a rich assortment of lenses for viewing organizations. Each theoretical tradition is helpful. Each has blind spots. Each tells its own story about organizations. The ability to shift nimbly from one to another helps redefine situations so they become understandable and manageable. The ability to reframe is one of the most powerful capacities of great artists. It can be equally powerful for managers. Undergraduates at Vanderbilt University captured this in a class-initiated rap (for best results, rap fans might imagine the rapper Common doing these lines in a neo-soul, hip-hop style):

Reframe, reframe, put a new spin on
the mess you're in.
Reframe, reframe, try to play a different game.
Reframe, reframe, when you're in a tangle,
shoot another angle;
look at things a different way.

SUMMARY

Because organizations are complex, surprising, deceptive, and ambiguous, they are formidably difficult to comprehend and manage. Our preconceived theories and images determine what we see, what we do, and how we judge what we accomplish. Narrow, oversimplified perspectives become fallacies that cloud rather than illuminate managerial action. The world of most managers and administrators is a world of messes: complexity, ambiguity, value dilemmas, political pressures, and multiple constituencies. For managers whose images blind them to important parts of this chaotic reality, it is a world of frustration and failure. For those with better theories and the intuitive capacity to use them with skill and grace, it is a world of excitement and possibility. A mess can be defined as both a troublesome situation and a group of people who eat together. The core challenge of leadership is to move an organization from the former to something more like the latter.

In succeeding chapters, we look at four perspectives, or frames, that have helped managers and leaders find clarity and meaning amid the confusion of organizational life. The frames are grounded in cool-headed management science and tempered by the heat of actual practice. We cannot guarantee your success as a manager or a change agent. We believe, though, that you can improve your odds with an artful appreciation of how to use the four lenses to understand and influence what's really going on.

NOTES

1. We used citation analysis (how often a work is referenced in the scholarly literature) to develop a list of "scholars' greatest hits"—the works that organizational scholars rely on most. The Appendix shows our results and discusses how we developed our analysis. At appropriate points in the book (where the ideas are most relevant, as here), we present a brief summary of key ideas from works at the top of our list.
2. These examples all show thinking influencing reality. A social constructivist perspective goes a step further to say that our thinking *constructs* social reality. In this view, an organization exists not "out there" but in the minds and actions of its constituents. This idea is illustrated in an old story about a dispute among three baseball umpires. The first says, "Some's balls, and some's strikes, and I calls 'em like they are." The second counters, "No, you got it wrong. Some's balls, and some's strikes, and I calls 'em the way I sees them." The third says, "You guys don't really get it. Some's balls, and some's strikes, but they ain't nothing until I call them." The first umpire is a realist who believes that what he sees is exactly what is. The second recognizes that reality is influenced by his own perception. The third is the social constructivist—his call makes them what they are. This distinction is particularly important in the symbolic frame, which we return to in Chapter Twelve.