THE ORGANIZATIONAL IMPERATIVE

Creating something well that is useful to others, and valued, can be a rewarding experience. When it is a cooperative effort, undertaken willing between a few friends, this can be especially so. And yet most of us who have had much experience in the business world, have found it to be a strife-ridden exercise with one’s creative energies frequently stalemated by political infighting and stultifying bureaucratic controls. Why does this disparity exist between the cooperative effort of a few friends, and the collective strife of many in large business organizations?

The reasons and solutions outlined here concern the nature of organization itself. There is a cosmic dimension to the way in which the whole of experience is organized. The reader is cast in the role of the central character as a story unfolds about how to see into this universal system of order and properly structure any business organization accordingly. It is possible to render its creative mechanics transparent, to the benefit of everyone concerned—stockholder, employee, customer, and the societies in which we live and contribute.

Amid the plethora of business books available, there is no other that provides specific practical guidance on how to structure a complete organization from top to bottom for optimum results, regardless of the kind of business. It is surprising that so little is understood in this vitally important area, while the business world frantically jumps from one quick fix to the next, our social potential eroding in the process. The consequences concern us all. The time is ripe for a more comprehensive business mentality to grasp and intelligently apply the ideas presented in Enlightened Management.
ENLIGHTENED MANAGEMENT

&

THE ORGANIZATIONAL IMPERATIVE

The story of how to structure
any company for optimum
Potential, Commitment & Performance.

Robert Campbell

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This is not a novel.
It is a text about the principles of organization structure.
The story involved is intended to make the ideas more interesting, readable and accessible.
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In recent years we have been besieged by such a host of books on business and its organization, that one might expect that at least a few of them would have approached the question of organization itself. How is experience organized? Is there an organizational imperative implicit in the nature of experience? If so how does it work? How do we integrate experience as individuals and does this have a bearing on our collective endeavors? Is there a direct relationship between the individual and collective integration of experience in a business enterprise, or in the social enterprise of humanity generally? If there is, we ought to seek it out. If we can discover how it works, then we can surely find great advantage in structuring our organizations accordingly.

This is a book that pursues the discovery and the practical application of structural principles in business that are implicit in the nature of experience generally. There is a story involved, in which the reader is cast as the central character. In this way it is hoped that you will discover how to apply two structural constraints to optimum advantage. These two constraints are both necessary and sufficient to properly structure any business organization, such that it relates to itself and to its environment in a creative, responsible, and transparent way. Each participant can see their part and their place, in relation to the whole organization, through three dimensions that come into focus as a natural consequence of employing the two structural constraints. As the President of a company, in unusual circumstances, you find a way to work this out.

The superior effectiveness of such an organization derives from an enhanced perception of the potential dimension, the commitment dimension and the performance dimension, for these three dimensions have their correlates in the integration of human experience. The intuitive, right brain development of idea derives its potential through a treasury of memory. Explicit technique is the key to our left brain commitment to endeavors that relate to our social organization. We assess our perfor-
mance via feedback from our emotional limbic brain that fuels our animated responses to the ongoing stream of circumstance.

It thus becomes possible to structure business organizations to function in accord with how we ourselves are biologically structured to function as ordinary human beings. We can be more responsive and more creative in a more spontaneous way. The need for bureaucratic controls and behavioral manipulation falls away, along with the political infighting that becomes so deeply entrenched in these kinds of organizations. The benefits become apparent in the redemption of wasted efforts, lost opportunities, abandoned talents, and the enormous costs that they represent, not only to business organizations, but to the people that constitute them, and to the cultures that we must serve in a constructive way in order to survive.
PART 1

ORDERS OF ORGANIZATION
CHAPTER 1

A GENERAL DISCUSSION

Organization. It is a strange word. It means different things in different contexts.

“How so?” you might say. “The context itself is organized in some way. So how can the word mean different things. Organization is organization.”

“What about chaos then? Is random order a form of organization?”

You think for a moment to be sure of your answer. “Well, chaos certainly needs an observer to be identified as such.” You are confident that you have found a handle on the question. “And it can only be known as such in relation to order. By its nature, chaos must be one face of some kind of order. Otherwise we would not be able to identify it.”

“Hmmm. Is that really so? Maybe the only order is chaos, and apparent orders that may emerge within it from time to time are transient phenomena, a mere passing expression of chaos.”

You look at me like I was the accused in the prisoner’s dock. “Why that’s utterly absurd. You are being less than honest.”

“Me? Less than honest?” I’m a little annoyed.

“Yes, you. There are ordered assumptions implicit in your statement that render it so much double talk.”

“Double talk is it?! How so?”

“Well examine the statement with just a little impartiality. Can’t you see that saying ‘from time to time’ implies a sequential order of time that is fundamental even to chaos? Can’t you see that identifying transient phenomena implies an observer with a sufficiently ordered mind and sensory apparatus to perceive events in a spatial order of things?”

“Yes. I suppose I see what you mean. A good point. But then perhaps the ordered mind and sensory apparatus are themselves just a transient expression of chaos, an accidental order that will ultimately pass into oblivion along with the perception of the passing.”
You squint at me through your reading glasses. “You really are a case. Now you are saying that chaos is oblivion. Can’t you see that? And oblivion it must be if it is the only order. Random order is a homogeneous annihilation without ordered phenomena. But then we wouldn’t be around to worry each other about it, would we?!”

“I suppose not.”

“Of course not! A totally random order is not consistent with the ordered universe that we see around us. Such chaos as may exist is but one aspect of the order that sustains the whole of the universe.”

“And who is to say that this universe is real? There is nothing permanent about it. Why it is changing every instant, mere passing episodes in a dream. The whole thing is no more than an illusion.”

“Why that rubbish is just more double talk.” You shake your head as if to rearrange your thoughts. “You really are a master at it. Now you are trying to say that both order and chaos are an illusion and that nothing is real. But that view must then itself be an illusion, and yet you maintain that it alone is real? Why, you are trying to say that the only reality is illusion. It is a contradiction in terms. Words lose their meaning, my friend.”

“My point exactly.” I give you a big smile to rub the point in. “Unless you want to suggest that there is some permanence to meaning that can survive the chaotic transience of events.”

“Of course there is. There must be. Unless we are all totally mad, we must believe that.”

“Aha. But then you must believe that meaning inheres in an order that determines the nature of transience, and not in transient events themselves.”

“What’s that? What fool notion are you trying to slip past me now?”

“It is simple enough. You believe that meaning derives from an order that transcends space and time. This order cannot be identified as confined in space and time.”

A suspicious expression invades your face. “Of course it can be identified. If I understand your meaning I see you before me. Your meaning is implicit in your person and the words that come out of your mouth!”

“Not if I walk away, it’s not. Does the meaning in my words walk away with me?”

“Let’s not be ridiculous. I have a memory of course. And the meaning of your words is associated with my memory of you.”
“But the event itself is gone, no longer a reality. Neither I nor your memory of me determines the nature of meaning. I am not a permanent resident of your mind. And what are words but uttered sounds that have already passed. Where is the meaning in sounds?”

“You can’t be serious. Why it is the meaning we have learned to associate with them. We learn spoken language from the crib and the sandbox. It is passed on from generation to generation. It is part of our culture, part of our collective experience.”

“So far so good. In other words, you believe that meaning is determined by an order that transcends transient events in space and time, just as I said.”

“Wait just a minute! You’re twisting things around. I didn’t say that.”

“Is that so! You said language was passed on from generation to generation. Surely this passing on from one generation to the next is a transient event, yet the meaning implicit in language is universally understood by everyone. Now how is this universal meaning possible if there is no common order implicit in experience that transcends the perpetual passing of events?”

“That’s a very good question. But let me twist things around for a change. How is universal meaning possible if there is such an order as you suggest?”

“That’s a fair question also. This order that transcends the passing of events also determines the organization of events, so that although events may be different in space and time, they are all organized in a similar way. It is precisely this characteristic of experience that allows us to learn from experience and also to benefit from the experience of others.”

“What’s that got to do with language?”

“How else could we learn language from parents and friends?”

“Now you are contradicting yourself again. You said at the outset that organization means different things in different contexts. Now you are saying that everything is organized in a similar way. You can’t make a single straight statement.”

“There is no contradiction in what I said and both statements are straight.”

“What?” There is a puzzle etched in your intelligent face, now a caricature of itself. “Things are both the same and different? There’s no contradiction in that?”
“Not if you allow of hierarchies in experience. A tree may have many different branches, but they are all the same tree. And there may be many different trees of the same kind. And there may be many different kinds of trees, but they are all trees. And trees are just one kind of plant.”

“And plants are just one kind of life, etceteras. You are talking about groups and classes, not hierarchies, my friend.” You toss me an intimidating look of disgust. “These are just distinctions of kind made convenient by language. You are twisting things around again.”

“Not so! There is an ordered hierarchy hidden in the classification of all life forms that is essential to how they evolve and grow, irrespective of the diversity of species. In fact it is more general than that. The organization of the whole of experience is dependent upon a common hierarchy that is implicit in the way phenomena evolve.”

“Now that’s a mouthful!” You throw your head back and laugh. “You’ve bitten off more than you can chew this time. Why if that’s true there must be some evidence in experience. In fact there must be some historical evidence in human experience as to how this experience itself is organized.”

“In human experience?”

“Yes. There must be specific evidence in human experience.”

“So you want to confine the discussion to human experience?”

“Are you not talking about how we humans and our societies evolve?”

“Among other things, yes.”

“And you maintain that there is historical evidence in human experience as to how experience itself is organized and evolves?”

“There is evidence, of course.”

“Then would you be kind enough to point it out.”

I overlook the sarcasm in your tone. “I will make an attempt. But you must try to examine the facts very carefully, with as much fairness as you can muster.”

NOTES:

1 The contention that all phenomena are illusory crops up amid the proliferation of ideas in Hindu philosophy. For example there are several passages in the Upanishads which treat the world as merely an appear-
ance, although this can’t be considered a prevailing theme. Some Buddhists would also argue that since all things are impermanent they have no self, no real identity. This argument has especially gained favor in western Buddhism that tends to oppose itself to any meaningful concept of God. The emphasis in the East is generally very different. The Buddhist Far East is in fact populated to the brim with spirits and gods, including the belief that intelligence is transcendent, omnipresent and all things are interdependent. Some Mahayana schools of Buddhist thought do however place all experience on a level with dreams. The Madhyamikas, for example, deny the reality of both external objects and the self. In western philosophy the same question has been treated in many ways. Parmenides was the first to distinguish between the sensible and the intelligible and maintain that the sensible was unreal. Through his influence on Socrates and Plato he has touched the whole development of western thought. It is only through the explosive growth of western science, particularly in this century, that such a fervent belief in physical evidence and materialism has become so prevalent. Philosophical questions about the nature of meaning have largely been sidetracked by science.

Various beliefs in a transcendent order to experience are as old as human history. The Vedic rta, the Hindu and Buddhist dharma, the Sumerian me, the Egyptian maat, the Taoist yin and yang are all ancient conceptions of the same cosmic order. The Greek philosophers that had such an influence on the development of western thought were also preoccupied with the question. For example many of Plato’s dialogues dealt with his Theory of Forms, concerning a transcendent universal order.

That there is a similar structure to diverse phenomena has been proposed by various schools of thought, and implied by many others. Of special note is Gestalt Psychology, which developed on the premise of an underlying isomorphy to experience. (Ellis, W.D., A sourcebook of Gestalt Psychology, London, 1938.) Likewise Bertrand Russell developed the idea of logical atomism in a series of lectures, maintaining that logical constructionism depends upon an isomorphism between the structure of an ideal language and the structure of reality. (Russell, B.A.W., The Philosophy of Logical Atomism, The Monist, Vol. 28, 29, 1918, 1919. Reprinted in Logic and Knowledge, Marsh, R.C., Ed., London, 1956.)
Groups and classes have always been fundamental to the development of thought, from Aristotle’s *Categories* to the mathematical development of Set Theory. Set theory was developed between 1874 and 1897, primarily by Georg Cantor, with important contributions by Dedekind and others. After some initial resistance to the theory, some went so far as to say that almost the whole of mathematics can be derived from the theory of sets. Bertrand Russell, who considered mathematics to be but an elaborate extension of logic, regarded set theory as the connecting link.

The empirical, logical, and intuitive evidence for hierarchies in the natural order, and in the creative process generally, was developed by the author in *Fisherman’s Guide: A Systems Approach to Creativity and Organization*, New Science Library (Shambhala), Boston, 1985. It is also treated in more rigorous fashion in *Science and Cosmic Order: A New Prospectus*. 
CHAPTER 2
PERSONAL ORGANIZATION

Suppose that you are in a strange city in a strange country and a taxi has just dropped you off at a museum, miles from your hotel. You pay him. You enter the old gallery to sop up some history. Ninety minutes later you find that your wallet has been stolen. You remember a man bumping into you as you left the museum. You are left without one cent. You know no one and you don’t speak the language. You begin to wander, wondering what to do. You are lost and a little confused. Of the few people you meet that can speak your language, none will help you. Your confusion grows. Then you stop and think, “I’ve got to get organized.” What do you mean?

Before you lost your wallet you were organized, now without it you’re not. You had a plan before, but the plan required money to execute. Now, without money, you need a new plan. The plan is your organization. It is a sequence of actions that will bring about a desired result. You can still do nothing without money, but you are carrying a camera worth a thousand dollars. “Can I convert this to cash?” you ask yourself. “Can I use it as collateral until I can have some money transferred from home or get a new credit card?” You can’t get back to your hotel without money and you have no identification. Your passport is in your hotel room.

You go into a camera shop and ask for the owner. He shuffles out from the back room, looks you up and down.

“How can I help you?” he asks coolly.

You shift from one foot to the other, feeling awkward. “My wallet was stolen,” you say lamely. You are embarrassed by your circumstances.

“In my shop?” he interjects before you have a chance to continue.

“No, no. At... at the museum.”

“And what has that to do with me?”
“Well, I thought you might advance me some money on my camera, enough to get me back to my hotel. Then I would return the money and collect my camera later today or tomorrow.”
“I do not deal in second hand cameras.”
“But as a favor, I thought you might make an exception. I have no money to get back to my hotel. I am lost.”
“Do you have some ID?”
“In my wallet, of course, along with my credit cards. I am staying at the Sheraton. I am the President of General Dynamics.”

He looks you up and down again. You’re wearing dungarees and sneakers. The camera must be hot. You can see it on his face. “And I am the Pope. Leave my shop before I call the police!”
You can’t find a pawn shop. Nobody knows what you are talking about.

You spot a bank down the street. You enter and walk past the tellers to an office area to the rear, behind a long marble counter. A young lady finally gets up from her desk and approaches you in a foreign language. You smile and explain that you only speak English. You are not a very cosmopolitan person. She calls another to take her place.
“Yes sir. Can I help you?”
“I would like to speak with the manager for a moment.” After your last experience you feel a little sheepish. You are self conscious about the way you are dressed. She senses it, of course.
“Do you have an appointment?”
“No, I’m afraid not.”
“I’m sorry. The manager is busy at the moment.”
“Is there an assistant manager that I might talk to?”
She looks at you skeptically. “Perhaps you could tell me the nature of your business.”
“It’s a rather personal matter.”
“But we are a bank. Do you want to open an account? Do you want a loan?”
“Well... I suppose it could be classified as a loan.”
“Domestic or business?”
“Domestic I would think.”
“Then you are a resident of this country?” she asks with a tone of disbelief.
“My company does business here,” you explain lamely, hoping this line of questioning will soon end. “In fact we do business with this bank.”

“And which company is that? Do you have a business card?”

“I have just been to the museum. I have no business cards with me. I’m sorry.”

“Then perhaps you could give me the information. What is your company’s name?”

“Ah... General Dynamics.” The truth is out before you think better of it.

“And your position with the company?”

She’ll never believe it. You must fabricate something quickly. “Accountant. I... I am an accountant.”

“Please wait a moment.” She picks up a phone, looks at you strangely, makes a call that you do not understand, then directs you through a gate in the marble counter, past a row of desks into one of several inner offices. She introduces you to a small thin man in his forties and leaves. He offers you a seat in a leather armchair.

“How can I help you?” he asks directly, his eyes doing a very careful audit through his gold rimmed spectacles.

“I am on a business trip, but today I have taken the opportunity to see a bit of your city on my own. I enjoy mixing with people on an informal basis and must apologize for my dress. Unfortunately I have run into an embarrassing problem that I hope you will help me with.”

“What is the nature of your problem?”

“I was robbed. A pickpocket at the museum.”

“Surely you need a policeman, not a bank.”

“A policeman cannot help me. There is no chance to find the pickpocket and recover my wallet. The point is that I have no money.”

His eyebrows come together like the jaws of a vice, squeezing his forehead into a frown. His thin black mustache curls into a sadistic grin. It is an immaculately trimmed little mustache, the impressive result of hours of grooming. “My dear sir,” he says leaning forward, “we are not a charitable institution.”

“I had hoped for a small loan. Until tomorrow. I have a camera, an expensive camera to offer as collateral. It’s a very good camera, automatic everything. The camera alone is worth a thousand dollars, the lens another five hundred. I don’t need a lot of money. Just enough to get me back to my hotel and see me through until I contact an American Express
office. Perhaps two hundred dollars. Just until tomorrow.” You try to cool your approach. A hard sell isn’t going to work on this miser. You are rattling on like a nervous school boy.

He leans back and laughs. “I cannot give you money for a camera. We don’t do this kind of business. If you are a business man, as you say, you must know that. Good day, sir.” He stands up to usher you to the door.

“A hundred dollars. Just a hundred until tomorrow. You must know that I will return for my camera. I will pay you back two hundred tomorrow. A hundred percent interest for twenty-four hours.”

He looks at you like a vicious puppy. “We are not in the business of loan sharking. Nor do we fence stolen goods.”

“I am not a thief! I am the victim of a thief! I am staying at the Sheraton. At least phone and check.”

“Why should I bother. We cannot loan you money on a camera. I am a busy man. I have other matters to attend to.”

“Then let me use your phone.”

“There are phones outside.”

“I have no coins for a pay phone.”

He sighs, shrugs and sits back down. “The Sheraton?”

“Yes.”

He looks up the number and dials, waits for a reply then hands you the phone. Nice of him. He sits glaring at you, twiddling his thumbs while you talk.

Yes, the hotel had processed your credit card when you checked-in. Yes, they will advance you cash for the taxi upon arrival at the hotel. You had a platinum card. Just good business. You hang up relieved. You thank the thin man behind the desk and ask for his business card.

“Why do you want my card?” he asks, a little perturbed.

“Why, to thank the management of this bank for your cooperation, of course. Without that phone call, I don’t know what I would have done.”

He hands you a card with reluctance. He is beginning to see possible repercussions. Wouldn’t loan you a hundred bucks on a thousand dollar camera. Would let you stay stranded and hungry. Maybe you are not just another anonymous nobody.

You shake his hand anyway and give him a big smile. At least you are assured of a place to eat and sleep. You know where you are going
and what you have to do. You are back on schedule. You are organized again.

This personal organization concerns the integration of a series of actions. It is functional in character, and it brings some desired result. This is true whatever the endeavor, be it digging a ditch, playing the guitar, or solving Fermat’s Last Theorem. That there is more thought behind the writing of each mathematical symbol than behind each spade full of earth does not alter their intrinsic similarity as goal directed activities. There is also a difference in kind that we will come to later, but whatever this difference, there is always a functional level of organization involved. A suitable nexus of physical actions produces an anticipated result. There is no limit to the number of possible behaviors that may be undertaken. There are many shapes and sizes of trees in the forest.¹

There is a certain incongruity in all of this, because the word organization implies something more organic than just directed activities in a linear series. It implies a delegation of different activities to different organs that are interdependent in their function. Tasks that are similar in character are assigned to departments. There is an independent delegation of certain functions, implicit in the nature of organization itself, each involving a degree of specialization.²

In one’s personal organization this delegation does not occur in a social way. Our muscles animate our body to enact patterns tailored by our nervous system according to the needs of circumstance. A pattern of behavior finds perceptual balance with the environment in an anticipated way. The organs which act as the focus of specialized activity are our body parts. Our mouth speaks, our eyes see, our feet walk. The nexus of goal directed social activities that result are not organic in the same sense at all. An unlimited variety of unrelated personal activities is possible, from playing the piano to mountain climbing, while the various organs of our body remain confined to their interdependent specialization.

At the same time our personal organization relates to a social context. Furthermore this social context is in many respects an extension of personal organic organization. Instead of walking to the museum you take a taxi. You don’t need to find the energy in your digestive tract to activate your legs. You let the taxi driver fill the tank and step on the accelerator. Easy. Money suffices in lieu of physical exertion. It is a kind of social energy that you can draw on to act in a greater diversity of
ways than you otherwise could. It gives you freedom and power. Without it your activities in a social context are severely restricted. Your very survival is threatened.³

“So what?” you interrupt. “Cute story, but are you supposed to be telling me something I don’t know?”

Your intrusion throws me off. “I’m only getting started. I’m pointing out that we all have a functional kind of organization that is distinct from an organic kind. In fact it is the first level in an organic hierarchy of activities. Give me a chance.”

“Well, that’s nice to think about. Riveting. What’s all the flack about money?”

“I am pointing out that this is the way our social organizations have evolved. In a free market economy, we have access to all kinds of assistance so long as we have money. This hasn’t always been so, and in some parts of the world it still isn’t. Various kinds of social systems survive, some of them from antiquity.”

“Do we have to go into all that?” You turn up your nose.

“We are looking for historical evidence, remember? It is worth having a look to see if we can identify some sort of historical development which will give us a clue as to how human experience is organized.”

“OK. OK. What’s next?”

NOTES:

¹ The point here is that this first functional level of organization is physical in character. It relates directly to physical behavior and any number of behaviors are possible. Rather than dwelling on physical behavior, as a behavioral psychologist might do, we will be advancing through levels of organization that do not emerge from physical behavior. Rather they determine its character. There is a hierarchy involved and physical behavior is the bottom rung in the tiers of the hierarchy.

² Both Vitalism and Organismic Biology attempted to come to terms with the distinction being made here. In 1919, the zoologist W. E. Ritter described the organismic theory that “the organism in its totality is as
essential to an explanation of its elements as its elements are to an explanation of the organism.” Both vitalism and organismic biology share traits in common, including a teleological viewpoint. This view has fallen into disfavor, largely because of the current emphasis placed on the fundamental importance of physics and the attendant belief that chemistry, including the chemistry of life, are emergent properties of physics. The result is a widespread conviction that there are no organizational principles at work in the universe, apart from the laws of physics. It is believed that biological evolution on the planet is directed by accidental mutations and the so-called process of natural selection.

The self-contrariness of this view is pointed up in Murray Gell-Mann’s The Quark and the Jaguar, W. H. Freeman, New York, 1995. As a major contributor to quantum mechanics and quark theory, Gell-Mann attempts to bridge the gap between the accepted laws of physics and the complexity of the natural world, that is, between the quark and the jaguar. At the outset, he is very firm in denying a teleological viewpoint, including universal influences in the natural order, or any inference of a transcendental basis to order or intelligence. By the time he gets around to addressing our social and economic problems, however, Gell-Mann is talking about the interrelationship between universals and particulars, about unity in diversity, and even goes so far as to state “...there is profound truth in the old adage, ‘The whole is greater than the sum of the parts’.” This is not to single out Gell-Mann for criticism, for he has made enormous contributions and is more thoughtful and concerned than many scientists are today. His book just happened to be handy. The point is that the enormous research commitment to physics in this century seems to have distorted the perspective of the whole scientific community, to the point that many are blind to their own biases and inconsistencies, and there seems to be a widespread ignorance of central issues in the historical development of both western and eastern thought.

We shall see that as our social organizations grow in complexity that they invariably acquire a specialization of independent functions as they relate to one another and to the whole. Moreover, in any creative endeavor, there is an isomorphy to how this specialization of independent functions takes place. The same pattern always occurs. It will be said that the pattern is always self-similar, and it embraces self-similar patterns within itself.
You wake up at dawn. You are wet. It is raining and the shelter that you built the day before is not very good.

“You should have done a better job,” your wife scolds. “Two of the children are sick.”

“How could I know it would start raining in the night. I plan to fin- ish it this morning.” You have never seen a hotel in your life, and you have never had money.

The fire is almost out. You find some dry kindling to get it going again, and add some wood. The fire is partly protected from the rain by the shelter. It feels good, but the shelter is still leaking. You gather some large leaves and begin threading them together like a row of shingles on slivered bamboo that you had prepared the day before. You fasten the rows of shingles across the crude frame of the shelter, tying them in place with pliable slivers. Your eldest son and daughter help you. The two young ones are curled up under some furs. Two others died of the fever before they were a year old, and your wife is pregnant again.

You have seen pictures of big cities in books that some of the tribes have, and you have heard all sorts of stories about the queer people that live in them. You know that you cannot go there. You need money to go, and hill people never do well there. You would lose your freedom and your power. The spirits know it is not right for you.

You are of the Mlabri tribe. White men call you a primitive hunter gatherer. The Thai and the Lao call your tribe the Phi Tong Luang, the Spirits of the Yellow Leaves, because you often move again by the time the leaves on your shelter turn yellow.

“Come to breakfast,” your wife calls. She has put out some fruit and rice on banana leaves. Your uncle has come over from across the ravine and joins you. He brought his two sons and two large fish. The rain has stopped.
“I checked the nets,” he says. “There are many fish here. And your brother snared two rabbits last night. Good spot.” The cold season is coming and your small group has moved down into a narrow valley that extends for many miles along a minor tributary of the upper Mekong River, in Laos. It will be warmer here and there should be enough to eat in the valley for several months.

Yours is the oldest system of social organization on the planet. There was a time, many thousands of years ago, when it was the only system of social organization. Now you are one of the last remaining hunter gatherer tribes in mainland Asia. You own very little, there are only fifteen in your band, and you share whatever you have. Your security lies in sharing. What you give to your brother, or your uncle, you will receive back next month or next year when you are not so fortunate. The worst thing you can do for your security is hoard. Selfishness is fatal. You will be left behind to fend for yourself, and a time will soon come when you need help. Neither can you survive in large groups. The streams would be fished out, the animals spooked, and the forest picked clean in no time. You would be constantly moving, unable to stop for even a day. This way you achieve a nice balance and there are no serious disagreements. Disagreements come when a group gets too large. You know this, and you split.

Yours is a personal kind of social organization. It is functional because everyone does their own thing and shares with the group. There is no leader, no boss to whom everything defers, although the judgment of some may have earned more respect than that of others. Joint decisions are made on the basis of such precedents, and a decision to split always remains an option if all can’t agree. There are shamans among the hunter clans, but they wield no political power. The scattered small groups aren’t politically connected. They simply share a common language and customs.

The world was first explored to its limits by nomads of this kind. It was a task that took hundreds of millennia and several species developments to accomplish. A few remnants of these cultures remain, each adapted to their environment—the Eskimo, the Bushman and Hottentot, the aboriginals of Malaysia, Indonesia and Australia.

“We are out of rice,” you wife says as you finish eating. It is a luxury that you allow yourselves when you have the opportunity. It is the influence of the other tribes.

“We can take some fish up to the Lisu tomorrow.” The Lisu have the closest village, on top of the nearby mountain at about five thousand
feet elevation. They are one of a hundred tribes in the mountains. They are swidden farmers. They slash and burn, plant their crops until the soil peters out, then they slash and burn some more. They grow hill rice and raise chickens and pigs. They don’t come down to the river to fish.\(^2\)

“It is an all day trip up the mountain and back, with a load both ways. Will you come,” you ask your uncle. “We should be able to trade for a month’s supply of rice if we take enough fish.”

“Get me a new pot,” your wife adds, “and any clothes they can spare.”

The other tribes don’t survive through your personal kind of social organization, at least not to the same extent. They don’t share like your clan. They have personal possessions, beyond their immediate needs, that give them status and power. Their possessions allow them to barter and trade. Some of the tribes also grow poppies. Opium is the only crop they can produce economically for cash. Cash lets them buy some manufactured essentials from the town.

In many parts of the world, where conditions permitted or required, the hunter clan developed into the tribal village. Then there was a headman or chief, one or more shamans, specialized craftsmen, and sometimes able bodied men had to double as warriors as the need arose. For the most part these cultures are historical casualties of civilization.

The tribal roots of Asia are still intact in the mountains, especially in Burma, Laos and parts of China, although many tribes are far flung throughout remote areas of Asia. The tribal population, still living in traditional ways, amounts to many millions. Each is a nationality without a nation, for they have traditionally made no permanent claim on land. Many different tribes share the same territory in peace, as they have done for thousands of years. Before the white man, similar patterns were prevalent throughout the Americas.

But hostility has traditionally marked relations between the hill tribes of Asia and the lowland people that proclaim themselves nation states. The latter thrive by assimilating the former like a hungry sponge, making a permanent claim on all territory within boundaries arbitrarily drawn on a map. The great wall of China is a testimony to how deeply rooted is the hostility that still prevails.

Genghis Khan was perhaps the greatest exponent of the tribal, nomadic way of life familiar to the spirit cultures of Asia. He took it upon himself to abandon his life as a blacksmith in middle age to ruthlessly establish an empire that spanned the breadth of Asia. From the Pacific into eastern Europe, he established his word as law, yet his rule was
marked by cultural tolerance and respect for local and tribal traditions. He respected the functional organization of the different peoples he conquered. This is in marked contrast to the colonial empires and the ruthless decimation of the spirit cultures of North and South America.

“Do you have to bring Genghis Khan into it? Really!” You yawn in my face.
“Just trying to inject a little interest. You know. Local color, and all that.”
“But it sounds as if you are trying to make the greatest despot in history out to be a hero. He respected the functional organization of the peoples that he conquered, you say. A nice man. Why don’t you point out that he stacked up pyramids of skulls in the cities he conquered?”
“It isn’t relevant to the development of the ideas. I am trying to illustrate that man’s early development was concentrated around the functional level of organization.”
“But we already talked about functional organization.”
“And we are going to talk about it some more. Do you have to keep interrupting?”

NOTES:

1 The Mlabri tribe was not discovered by anthropologists until the 1960’s, although the other tribal peoples had always been familiar with them. As one of the last hunter-gatherer tribes of mainland Asia, their numbers are very small.

2 The Lisu are widespread in northern Burma, Thailand, Laos, and south western China.
“Get her! Get her!” you shout to your brother. He makes a mad dash around the woodpile. Some wild squawking brings down the wood on top of him. The chicken streaks out the other side. You make a lunge and grab it by the tail feathers. It is flapping its wings furiously. You get to your feet, holding on, blood streaming from a scrape on the knee. You get a good grip on its legs as your brother crawls out from under a tangled heap of firewood.

“Got her!” you say. “Get the cleaver.”

“It’s over there on the block,” he says pointing, brushing off. You are panting, trying to catch your breath. It has been a wild chase. “You going to do it then?”

“It’s your turn. I did it last time.”

“No you didn’t. I did.”

“Well you can do it again. I don’t like to do it.”

“You like to eat it well enough.”

The chicken knows what’s up. It’s frantic.

“I’ll help. You do it. Papa says we got to do it.”

“You’re younger. You do it.” He’s the next oldest of seven.

“You don’t like to do it either. That’s why you want me to do it.”

“OK, then. We’ll do it together.” He’s your elder. You have to make allowances.

“OK, then. I’ll hold it. You do the chop.”

“I got a good hold already. You do the chop. It might get away again.”

“You got its feet. I’ll grab its head.”

“OK. Stretch out its neck.”

“He won’t stop flapping and squawking.”

“You wouldn’t stop neither if it was your neck. Stretch his neck on the block.”

“Quick. Give him the chop.”
“I can’t let go of his feet. I’m right handed. You do it. Quick!”
“OK. OK.”
Your brother brings down the cleaver. Splat. Blood squirts in your face. Feathers fly. Wings are flapping more than ever. You let go. The chicken runs off without its head.
“What did you let go for?”
You wipe the blood from your eyes. “Catch it. It’s getting away.”
The chicken runs into a tree, gets up and takes off again. You both give chase. In a few minutes it runs out of steam and is flopping around in some leaves at the edge of the forest. Your brother picks it up by the feet and brings it back near the woodpile. It is still flapping its wings, less frantically now.
A younger sister comes up, toting a baby brother on her back. “Whatcha doing?” she asks.
“What’s it look like. We just killed a chicken. Now we’re going to pluck it.”
“Can I help?”
“You can’t pluck a chicken.”
“Sure I can. I done it before.”
What luck, you think to yourself. “Can you clean it too?”
“Gizzard and all. Let me do it.”
“Well, if you want.” You don’t like plucking them any better than killing them.
“What am I going to do with him?” She indicates the baby on her back. She’s bone weary. She’s not much bigger than the load she has been carrying for hours. You know how she feels. When you were smaller, you carried her on your back until you were bow legged.
“I’ll take him for a while, if you want. It’s a good trade.”

The tribal village is organized more organically than the hunter clan, having some division of labor and specialization of function, although the children grow up learning about helping each other and sharing. They learn their functional traditions through the family unit as it relates to the village. The family unit can be compared to the hunter-gatherer clan, except the animals and crops that they need are domesticated.
Within the village, the main division is generally between the village priest or headman, and shamans who communicate with the spirits in various ways. Shamans are often adept at inviting states of spirit possession.

Someone needs to represent the village in collective and ritual matters and this is the job of the priest or the headman. These days there may
be both, a headman being appointed to deal with the government. The priest or headman may come by his position in several ways. He may inherit it for life, he may be formally selected by the elders, or he may come into it because he is the most influential man in the village. If he is a wealthy man, one with many possessions, including children to offer in marriage, he will also have much power to barter. That often means that he has considerable power to settle disputes.

Power doesn’t always ensure that disputes will be settled fairly, however. Disputes are more serious in a tribal village because it is more difficult to split. It takes planning and preparation to move part of a village. A site must be located and fields prepared for a growing season. A hundred people or more may be dislocated. A village must be a certain minimum size to do well. There is also a maximum size that a village can reasonably sustain. The larger it is, the more jungle that must be cleared and planted, and as the soil fertility is depleted, the farther away from the village the fields become, until it is no longer practical to walk to them. The village must be moved more and more frequently, a task that becomes more and more difficult the larger it becomes. It is easier to split before size becomes a problem in itself. This is also a solution to long standing divisions that the headman is unable to permanently resolve.

The elder shaman is often a counterbalance to the headman. There may be a number of young shamans that have displayed a natural ability to communicate with the spirits, cure disease and work spells, but an elder shaman has distinguished himself throughout a lifetime. He may be both respected and feared, for he can be a powerful moral force in the village. He can bring enormous pressure to bear to expose and correct injustice, and maintain the tradition. Few will risk incurring the kind of scrutiny he can bring to bear from everyone in the village. It may mean being socially ostracized with no where to go. The trials of surviving alone in the jungle are formidable for a village dweller who has been dependent all their life on a community tradition. A village headman would likewise be foolish to invite confrontation with an elder shaman without extremely good reasons, for his own social support may be eroded.

There are other specializations of function in a tribal village but they are more specific. There may be a blacksmith with a homemade forge. Lumber is sawn by hand from felled trees, by those who are practiced in the art. Someone may own a pony or two that can be used to facilitate trade and carry goods from a lowland town. There may be other craftsmen who have acquired skills and tools not otherwise available. Some
may have a potter’s wheel or a loom. A wealthy family may have a treadle sewing machine. Usually these specializations of function are part-time endeavors. There are no schools and no formal legal system. The languages have no script, although a rare few may learn the Chinese script, since it is independent of the spoken language. Some in the village may speak Yunnanese, since the different tribes need to communicate, and this is the most useful language.

The tribal village is still a functionally oriented kind of organization, albeit more organized than the hunter clan. People still perform functional roles as these relate to specific immediate needs.

Today the plight of the hilltribes is more desperate than ever. In Burma, the uplands tribes are the first line of defense against lowland intrusions. The Karen, the Mon, the Wa, the Shan, the Kachin and others have an ongoing armed conflict with the lowland Burmese. Similar conflicts exist in Laos. This has forced the largest of the upland tribes to organize for armed combat. In Thailand the tribes are exposed to trekkers and tourism while roads and pickup trucks are replacing ponies on mountain trails. On the one hand tribal population pressures threaten the land they must depend on. On the other hand, the relentless march of technology, that drives big governments, is hungry for the resources of their territory—the teak, the minerals, the hydro-electric power, the land itself.

You look at me sideways. “So why are you giving me a lecture about the tribal minorities of Asia?” You are wearing a scowl. “I can’t do a thing about their problems and quite frankly I’m not interested. I’ve got problems of my own. Besides, you’re getting off the track.”

“Look here! There’s no need to get abusive.” I’m discouraged by your attitude. “I’m simply trying to show that there are sub-levels of organization within the functional level in the tribal village.”

“So what? I can’t see where you are going with this?”

“I’m coming to higher levels of organization, associated with higher levels of abstraction in thought. These begin to emerge only in more complex social circumstances.”

Your scowl transforms to a quandary. “Higher levels of abstraction in thought? What kind of monster is that?”

I am surprised at your feigned ignorance of simple words. “Language allows us to deal with experience in abstraction. Surely you must know that. We can make plans, simulate events in our minds prior to actually enacting the plan. This simulation of experience is an abstrac-
tion. It deals with those elements of experience that are essential to working out the plan.”

“Oh, I see.” You look away and add in a grumble, “Go ahead then.”

NOTES:

1 Some of the methods of selecting village priests and headmen among hilltribes in Thailand are outlined by Paul and Elaine Lewis in *Peoples of the Golden Triangle*, Thames and Hudson, New York, 1984. It is interesting to compare the many similarities in beliefs and customs of the hilltribes of Asia to native American tribes. See Betty and Ian Ballantine, Eds., *The Native Americans*, Turner, Atlanta, 1993.

2 A shaman is typically regarded to belong to his spirits, just as the village priest belongs to the village guardian. Only a shaman becomes possessed, and his main function is to divine the cause of illness or disorder and then sing away the spirit responsible. For example, in a Lisu village, a shaman bends over, hands on his knees, whistles for his spirits to come and sings himself into a trance. The spirits ride him as if he were a horse, speaking through him. When he finally falls unconscious, in a coma on the floor, it is a sign that the spirit returns to its abode as the shaman sleeps. Inviting states of possession is a common phenomenon in South East Asia. During the Chinese vegetarian festival one can see hundreds of spirit mediums in a state of possession parade through the streets, and perform various supernatural feats. They too fall unconscious coming out of the state in the temple, and they retain no memory of having been possessed.

3 The Akha people sometimes use exile from the village as a form of purgation. For example, if a couple has twins, or a deformed child, these infants are viewed as human rejects, disrupting the proper order of the cosmos and bringing tragedy to the village and to the family concerned. The human rejects must be quickly smothered and buried in a remote spot in the forest. Elaborate purification ceremonies must be held, to preserve the Akha Way, and the parents may be required to live apart from the village for a long period.
Yunnan province of China is quite mountainous, having an average elevation over 6,000 feet, with many tribal minorities, hence Yunnanese is a convenient common language.
You can see the mountains in the distance, but you have rarely been exposed to the people that live there. Sometimes you may see them at the market, but you don’t speak their language and they don’t speak much of yours. They have been in your shop. They may come to buy a few things now and then, but otherwise they keep to themselves in the mountains. If you want to go there to see them you must walk many miles, and it would be risky to go alone. The tribes may make no permanent claim on a specific piece of ground, but the mountains have always belonged to them. Your life is confined mainly to your business in the country town where you have always lived.

An old woman has been browsing through your shop. She finally puts two small sacks of rice and a plastic bucket on the counter.

You add it up on your calculator and let her see. “One hundred and twenty baht.”

“One hundred,” she says.

“I cannot,” you say. “There’s little profit.”

“There’s no profit for me,” she smiles.

“Today, a special price for you. One hundred and ten baht.”

She reaches into her bag and puts down one hundred and five on the counter. Four wrinkled up twenties, two old tens and a five baht coin. “That’s all I have.” She puts on a sweet look. You know she never has enough money.

“Very special. For you only,” you say. She gives you a nice thank you, puts the rice in the bucket and leaves.

A young woman enters, wearing blue jeans and a man’s cotton shirt. “Give me 5, 7, 9 and 8, 2, 4,” she says. She hands you forty baht.

You write the numbers on a piece of paper, initial it, and give it to her. She is a regular customer. You make an entry in your book. Your shop brings you a comfortable income but you also run your own lottery on the government lottery draw. The same numbers win. You can pay
better and still be ahead because you don’t have to cover all the numbers and come across for the really big prizes. Your only overhead is a modest contribution to the local police.

Then you have the rice barn as well. You buy rice at competitive prices at the end of the harvest when the price is low. And you sell it a few months later at fifty percent profit, when rice is not plentiful. Most of the farmers have only five or ten acres, not enough to afford them a rice barn that would allow them to wait for better prices. They hardly have enough money to wait for the harvest. But that often gives you the opportunity to make short term loans at very high interest rates, with the harvest as collateral. Of course you pride yourself that the rates you charge are lower than some others. All in all, you do very well. You have two sons in university and a daughter in high school. Another daughter, married with a baby, lives next door.

Even in a country town of a few thousand people, things are very different from a tribal village. There are many organs of interdependent function in its organization. There is a post office, a police detachment, two schools, three temples, a car dealership, three motorcycle shops, two gas stations, some district government offices, a market, a farmers cooperative, some street vendors, a wholesale warehouse, a bus station, several small restaurants, shops selling manufactured goods of many kinds, clothing shops, a gambling house that subsidizes police income and keeps taxes in check, likewise a brothel, the town offices, the electric power authority, a traditional massage parlor, two banks, a small hotel, a trucking company, a district hospital, two small medical clinics, a dental clinic, two drug stores, a Chinese herbalist, a small supermarket, a bakery, an electronics shop and service center, a movie theater, a hotel, a welding shop, a furniture store, a local furniture manufacturer, two small building contractors, a lumber yard with building supplies, a repair garage, several beauty salons and barber shops, a lawyer’s office, two plumbing contractors with plumbing supplies, a heavy equipment rental business, two electrical contractors, and miscellaneous others.

It is noteworthy that nearly all of these specialized outlets are still functional in character, just as the job of village blacksmith, or mule skinner, or seamstress is functional in character. There are differences within this functional context, however. At the village level there is usually no boss giving directions to a number of employees under his or her authority, while at the town level there frequently is, in many of the establishments. For instance the police detachment of seven men will have a police sergeant or a lieutenant, who is in command, although he may
also perform normal police duties himself. Likewise the post office, with a staff of eight, will have a working postmaster, for these functions are not sufficiently complex at the town level to incur genuine supervisory work. Many of the shops may also have a small sales staff responsible to the shop owner. Leaders at this level are functional leaders, like a team leader, a foreman, a working chief, or a school principal.

There will be some specialization of function within some of the larger enterprises. For example the small furniture manufacturer may have a few sales people, an accountant with a clerk or two, several carpenters with a complement of apprentices, a few upholsterers, a number of laborers and general maintenance people, two truck drivers, and some security guards. The point is that once again all of these various jobs will be essentially functional in character, even though they relate organically to one another within the context of the business. The people have the required skills to function independently, and the results expected are known. The routines are preset by precedent and by the way the manufacturing area, yard, office, and show room are organized. The products are of a standard variety, and are normally automatically replenished as they move out to the customer. This functional type of work is focused primarily on repetitive task cycles associated with the manufacturing operation.

The owner of the factory doesn’t usually have to give many instructions, although his is the only job that is not entirely functional in character. Normally, however, part of his day is taken up with the simple functional task of inspection, to make sure the work is up to standard, on time, and so on. But he must also ensure that sufficient materials are ordered in time, that they are received in good condition and approve invoices for payment accordingly. He must ensure that the payroll is reasonably equitable between the various employees, taking into account special skills and talents, length of service, availability, and so on. He must ensure that product quality is maintained, that prices are both sufficient to cover costs and competitive, and that customers pay promptly. He must ensure that the company premises are adequate for the work on hand and expected in the future. He must ensure that equipment and manufacturing techniques are efficient and up to date. In some cases he must personally maintain some key customer contacts that are vital to the retail sale of his products, perhaps in neighboring towns. This work of ensuring the proper commitment of material, labor and operating facilities is supervisory by its nature, as distinct from functional. It is concerned with maintaining a productive flow of recurrent product cycles, as
distinct from task cycles. In a small operation this supervisory aspect of
the owner’s job is still embryonic.

But in your shop, selling some produce, some dry goods and hard-
ware, these supervisory tasks are not a significant concern. Your wife
and daughter help you, you have a hired girl and a handy man. You reor-
der stock as it is sold and you create nothing tangible. Your business lies
primarily in providing a service at the functional level. You make it con-
venient for people to obtain their needs, for otherwise they would have to
travel all over the country. It is a long day nonetheless, for you open with
the market at six in the morning and you don’t close until seven in the
evening, six days a week.

“Let’s go to bed,” your wife says, after a big dinner. It’s only nine
o’clock, but you get up at five. You don’t need convincing.

The next thing you know your worst fears have come true. Ten big
winners on a single draw. The odds are millions to one against it. You
have to fork over three million baht. Somebody had a dream about the
right sequence on five of the digits. Ten members of their family hold
tickets with that sequence. Where are you going to get that kind of cash?
You want to run away, escape. Then you feel like crying. You feel like a
baby crying, a real baby. You are screaming and bawling your eyes out,
trying to catch your breath. You can’t catch your breath and you’re shak-
ing all over.

“Wake up! Wake up!” Your wife is shaking you. There is a baby
crying. Thank god it wasn’t real. But there is a baby crying, screaming,
terrified, can’t get its breath. Your daughter is there in the bedroom with
your wife, holding your infant grandson. She is almost as terrified as the
screaming child.

“What’s going on? What has happened?”

“Nothing has happened. The baby won’t stop crying. I’ve never
seen him cry like this. Something is wrong, very wrong.” Your daughter
is nearly in tears.

“You must go quickly and see the doctor,” your wife urges.

“Quickly! Get dressed!”

You pull on your trousers and a shirt. Your son-in-law is waiting
downstairs in the pickup, motor running. It is three AM.

You jump in the truck and the two of you speed off to the doctor,
leaving the screaming infant behind. You don’t need the infant. You only
need the doctor and the baby’s history. Between you and your son-in-law
you have the history going back a few generations.
The best spirit doctor in town lives a mile away. You are there in two minutes, climb the stairs of his old teak house and pound on the door. You hear stirring inside then a minute later the door squeaks open. He has lit an oil lamp and invites you in immediately. He is not surprised at being disturbed.¹

He places the oil lamp on the floor, sits cross legged on a straw mat and invites the two of you to do likewise in front of him. You have known him all your life and exchange a few polite formalities. He does not have electricity in his house. Either he doesn’t like it or he can’t afford it. Maybe both.

“What seems to be the problem,” he asks directly, as he begins to roll a smoke.

“It is my baby boy,” your son-in-law says. “He awoke crying terribly and cannot stop, cannot get his breath.”

“How long?”

“Nearly half an hour.”

“Not very long.”

“I have never seen a baby cry like this,” you interject. “It is as if he is terrified of something.”

The old man picks up the oil lamp to light his smoke. Country tobacco. Smells like a brush fire. A long series of questions follow, as he clarifies the child’s ancestry back three generations, who married who, their occupations, how many children, who has died, when, how, and so on. You muse to yourself that he must know all about everyone in town. But he is a likable old chap. He once had a touch of leprosy which is apparent from the toes of both feet. His wife has been dead for years.

At length the old man gets up and goes to the spirit alter in the large room. It is fastened to the wall, head high. He lights a candle and joss sticks and places them on the altar. Then he sits alone in front of the altar.² After a brief chant he begins to talk to the spirits, relating the problem and the ancestry of the child. He comes back to you once to clarify a point about your loan business, then returns to his position in front of the altar. A short while later he returns again and sits on the mat in front of you.

“You once loaned money to an uncle,” he says.

He might have meant anyone because friends are often called uncle.

“That’s right,” you reply. “You remember Uncle Somsit, my father’s brother?”

He nods.

“I loaned him some money just before he died.”
“Your uncle never repaid the loan. This won’t let him rest. It is his spirit which has unsettled the baby.”

“But I forgot about it long ago. He didn’t want his family to know about it. He wouldn’t tell me what the money was for. Maybe medical bills.”

“Then you will forgive the loan?”

“Yes. Of course.”

The old man gets up again and goes back to his spirit altar. He begins to talk quietly again, explaining that the loan has been forgiven and that the baby’s welfare has been badly affected. He entreats that the spirit of the uncle should be at peace. He asks the spirits to give their blessings to the child that it may enjoy good health and good fortune.

When he returns again he places an empty glass in front of you. You put seven baht in the glass. The amount has been set by tradition. That’s all it will cost, about twenty-five cents.

You feel better somehow, as if something has been put in its proper place. When you get home the baby is already asleep. Maybe your daughter will take it to the clinic in the morning, just to be sure that it doesn’t have the fever. But the old shaman seems to have done the job.

Although it may be a newly industrialized country, becoming ever more complex in its organization and employing ever more sophisticated techniques, every village and town and city in the country still has shamans and spirit doctors that employ a variety of methods. No one appoints them. Some just have a natural flair for it, and the tradition is as old as humanity. In the East, customs are never discarded. Old traditions thrive within the new, like underlying layers of soil.

“Now we’re beginning to get somewhere,” you say. A compliment at last. “So you are suggesting that there is a supervisory level of work that is different from the functional level of work?”

“That’s right. There is a different level of abstraction in thought associated with this kind of work. It concerns how to best commit the resources of labor, materials and facilities to recurrent product cycles. Functional work is concerned primarily with performing a series or a repetition of task cycles.”

“But you’ve got product cycles in a tribal village too. People have to decide how many chickens and pigs to raise, what crops to plant, how to build their houses, that sort of thing.”
“Yes, but their customs are determined by ancient traditions and no one is assigned the supervisory role of making these decisions to give direction to others. It isn’t necessary.”

“So why do you throw in the story of the spirit doctor. What’s that got to do with anything?”

“I pointed out why. If you would pay attention you would know that ancient customs of social organization aren’t discarded in the East. There are still shamans in the villages, towns and cities even though modern medicine and commerce arrived long ago. Higher levels of work in complex social organizations don’t have to disrupt old functional traditions.”

“All right! OK. Don’t get on your high horse. What’s next?”

NOTES:

1 There are tens of thousands of spirit doctors in Thailand. The custom is prevalent throughout Southeast Asia.

2 Spirit altars are a common fixture in houses throughout China and Southeast Asia. In Thailand people erect a small spirit house for the Chow Tee, the spirit of the piece of land where they build their house, and they pay their respects daily. They may also have a spirit altar inside. Although people are predominantly Buddhist, these are animist customs that survive from ancient times.
CHAPTER 6

THE NATION CITY

Many functions are not available in the country town. There is generally no need of them, or else they involve large numbers of people. For instance, there are no research organizations, no laboratories, no universities or institutions of specialized education. There are also no consultant firms, such as architects, consulting engineers, management consultants and the like. There are no heavy industries, no steel plants or rolling mills, no automobile assembly plants, no foundries, no refineries or petrochemical plants. There are no stock brokers, no major financial institutions, no department stores, no television or radio stations. These are all functions of a nation city providing for needs on a national scale.

You are sitting at a conference table with your senior managers, in offices in the City of Chonburi, about one hundred and fifty kilometers east of Bangkok. You are the president of a moderately sized property development company with interests in various cities in Thailand, especially the Eastern Seaboard Development near Chonburi.¹

“We have a real problem here.” You look around the table. “Has anyone got any solutions.”

Your Sales Manager shuffles some papers in front of him, a little nervously. We may call him Sal, to make it easy to remember his job. Sal is quite a promoter. “Thirty thousand percent profit is not such a large problem,” he says. “Many companies would like to be in our shoes. We can’t help it if land prices suddenly escalate three hundred times overnight. We had anticipated an increase when we purchased the land.”²

Of course you had inside information well in advance that the Eastern Seaboard Development project would go ahead. You had quietly purchased five thousand rai of land, two thousand acres. You had used a number of individuals and several subsidiary companies formed on paper for the purpose. You justified the deception in order to prevent un-
reasonable price demands. The total purchasing costs were thirty million baht, a little over one million dollars.\(^3\) Now the current market value is over four hundred million dollars, even more once it is subdivided, not to mention the projected value of the developments on the land.

“We didn’t anticipate such a large increase,” you reply caustically. It was true. Land prices had suddenly soared all over the country, when it became apparent to everyone that land was being gobbled up at a furious rate. You focus on Sal with singular attention. “You don’t have the full picture. You should see that we are faced with having to declare huge profits as we develop, subdivide and sell off the property. We are a public company. You must know what we will have to part with in taxes. You must also know what will happen to our stock.”

The Sales Manager smiles. “Of course we all know what will happen to the stock. Aren’t all of us here counting on that rather heavily? Naturally we must expect to give something to the government in order to profit.” He meets with some agreeable glances around the table and feels more at ease.

“Can you not think ahead of padding your own pocket as quickly as you can?” You are annoyed at his cavalier attitude. “What about tomorrow? What about the fallout from yesterday?” You look hard into his eyes. “What about the ethics of what we have done? A few hundred families have sold us their land, thinking they had a good deal. Now the money they received will not buy them a patch large enough to sustain them anywhere in the nation. They will join the ranks of the homeless, when they could have been wealthy. It has happened countless times from one end of the country to the other.”

Sal squirms a bit but musters a smile. “That’s just good business.” He feels himself on the defensive again. “We saw an opportunity and took it. Their loss is not our fault. What can we do about it? We should be thankful to have been so fortunate. It is their bad luck and not ours.”

“But it is our bad luck. Do you want to live beside beggars? We have lost potential buyers in our own projects. Who do you think we are developing land for? Martians?”

“A lot of farmers elsewhere didn’t sell until after the boom. Some lose. Some win. It is just a matter of luck. And we have been lucky.”

“We are faced with profits that will leave us with a horrendous tax bill and destabilize our stock. We cannot sustain these profit levels. As surely as our stock will soar for a couple of years, it will crash again. And when it does crash it may be at a time when we most need to attract
investment capital to finance new projects. We will be unable to. Yet here we sit now with our hands full of money that we have to give away to government and stockholders. Why should we give exorbitant profits to strangers and overinflate our stock when we least need to attract investment capital? We must find ways of diverting this profit to stabilize our future position.

Your Design Manager, Des for short, opens a file in front of him. “We can defray profits easily enough in the beginning, if we schedule the work with that view in mind,” he points out. He is a meticulous man and has given the matter a little thought. “We can telescope the second and third phases to increase our capital outlay on services and infrastructure to coincide with phase one. This will aggravate the problem of excessive profit in the later phases of development, but it can buy some time to divert profits into future projects with additional land acquisition. We can also increase our outlay on the quality and extent of infrastructure, better common areas, roads, parks, and recreational facilities, buried rather than overhead cables, better waste disposal, water treatment and so on. This will enhance the salability of the development as well.”

It was a constructive idea, but not nearly enough. You ask your Construction Manager, Con, if he has any suggestions.

“Yes. Certainly.” He is always the image of confidence. “We can accelerate the construction of the golf course, since this doesn’t involve the direct sale of land, and we can drag our feet on the industrial estates. We can also accelerate the high rise projects, move our completion schedules forward, several months ahead of possession dates promised to the customer. This would create a temporary lag of several millions of dollars between expenditures and income. It is not a lot, but it can help, and it would also help our public image to be ahead of schedule for a change. But I don’t think that it would be wise to telescope the installation of services in the later phases. The roads, sewers, water mains and so on, will deteriorate more rapidly with lack of use. It may be better to delay the later phases until their excessive profits can be offset against less profitable developments.”

“We can’t delay them,” Sal comments with detectable dislike for Con’s opinions. They don’t get along. “We already have contractual commitments.”

“Then it may be an opportunity to diversify.”

“Diversify how?” Sal smirks.
Con leans back in his chair. “Perhaps buy some expensive property in Bangkok and build a major hotel with a shopping complex. That could eat up three hundred million easily enough.”

There are a few snickers.

“The hotel market is already flat,” says the Acquisitions Manager. We may call him Mark, since his job has to do with marketing. “Only thirty percent occupancy rates, and a price war on. Besides we already have prime land in Bangkok. It has gone up in value over a hundred times as well. We have more land than we know what to do with.”

“Unfortunately that seems to be our problem,” you remind everyone. “Everything we touch turns into such a profit bonanza it becomes a problem. And you can be sure that these times of enormous inflation in land values will not last.”

“We could always sell off houses, shophouses, and condo units at bargain basement prices, give the benefit to the customer instead of the stockholder,” suggests the Sales Manager.

“Speculators will just buy everything up and turn it over for a profit,” says Con in rebuttal. “Meanwhile most of the units would sit empty while they do. The development would turn into a ghost town.”

“Then let’s declare a great bonus and give the profit to our employees.” More snickers and laughs.

Con remains serious. “And make them all wealthy? We’d never get another honest day’s work out of them.”

“And the major stockholders would scream bloody murder,” adds the Financial Manager, Fin, who has been silent until this point.

“Maybe a health plan and pension fund then,” suggests Perse, a more junior Personnel Officer who sits in on management meetings. “Security is an excellent employee incentive in western countries. We will be able to attract and keep the best people.”

“And we will be unable to get rid of the worst,” says the Construction Manager. “And if we let someone go, we will have to give them a share of their pension. Some people will be trying to get fired for their windfall. This isn’t the west.”

“There is a way around most of these difficulties, if a pension fund is structured correctly,” you point out. “I like the idea, but it won’t help much with our problem. We will still be stuck with the money in a fund that earns interest.”

The Financial Manager speaks up again. “The most effective way to avoid declaring excessive profits is to make a major expenditure in the
near future. This obviously must be in the form of some capital investment. We can purchase more land, or a project consistent with the nature of our business to date, or we can expand and diversify in some way.”

“It is a poor time to buy land,” your Acquisitions Manager observes. “Land prices are overinflated at present. I think we are due for a correction before a year is out. Besides, we are well placed for land for a couple of years. We moved at the right time.”

“I see,” Fin replies politely. “We could set aside a fund for future acquisitions, but we would still be faced with huge taxes. And the size of the fund and the interest it would earn would itself be an embarrassment, unless we established it as a separate finance or investment company of some kind.”

There are some suggestions and discussion on various kinds of diversification possible. As the meeting closes, you make requests of each of your department managers.

“Sales. I want you to closely review your sales projections, pricing schedules, competitor’s pricing, and expected quarterly revenues over the next three years.

“Design and Engineering. I want you to review revised development costs in light of our discussions, unit costs and projected quarterly costs over the next three years.

“Construction. I want you to review your construction project schedules and expected progress on a quarterly basis over the next three years. Coordinate with both Sales and Engineering and provide input on any contingency expenditures that may be encountered.

“Personnel. I want you to come up with a workable employee benefit package with cost estimates for each employee classification, and also projected quarterly costs for the next three years.

“Acquisitions. I want you to have a second look at possible bargains in the property market. Everything from tourist to commercial and industrial development potential. While you’re at it keep an eye out for existing businesses that are in financial trouble, hotels, resorts, office and shopping complexes, anything.

“Finance. I want you to come up with a plan for a tolerable pattern of projected profits and growth that is healthy for our long term survival. Suggest general strategies by which it may be attainable, with quarterly projections for the next three years, and annual projections beyond that for another five years.

“Keep your reports brief and to the point.”
After the meeting, you attend to some routine affairs in your office, call for your Mercedes and leave for home early. You have been invited to another dinner meeting. It is the last thing you want to do this evening but you are obliged to go. You are tired of the speeches, the endless small talk and empty theories on everything from TQM to Re-engineering your organization. You are tired of chasing after a pot of gold at the end of a rainbow. You already have more wealth than you know what to do with. You have a beautiful home, a beautiful wife, three beautiful children, three beautiful cars, a beautiful boat, a beautiful second home in the mountains. You have been cursed with too much success.

What you do not yet fully realize as you navigate through the traffic, wondering what to do about your organization, is that it is on the verge of a major transition. At present, your most senior managers operate at a senior supervisory level in the corporate hierarchy. They are concerned with committing the resources of land, labor, materials and operating facilities to achieve results related to product cycles in major projects.

For example, when the construction manager initiates a project, he must first dispatch crews to survey and grade the site, install sewers, watermains, electricity, and roadways. Once there is reasonable access to the properties, building construction can begin—houses, townhouses, shophouses, factories, offices, high-rise projects and so on. All of this involves a diversity of functional skills organized into crews of specialized trades that must work in an orderly sequence. Some of the work may be contracted out. You must employ people to schedule them accordingly, and to keep track of their time and progress, the equipment and the materials they use. You must also employ people to inspect their work and monitor their needs and progress. This supervisory work is different in kind from functional work. It concerns the commitment of resources to product cycles, as opposed to their application to specific tasks. Supervisory work implicitly gives direction to functional work. In any case, the mainstream activity in your company is construction, associated with property development. This is your main product work.

The Design Department employs both architects and engineers, although some large projects may be designed or engineered on a contractual basis by outside consultants, under preliminary design guidelines specified by this department. There are also draftsmen, a scheduling function to maintain proper priorities, surveyors, cost estimators,
junior engineers and technologists preparing contract documents, material specifications and purchase requisitions, and engineering inspectors. All of these interdependent functions are organized under the department head at the senior supervisory level. In some companies this design activity may go under various names, such as Engineering, Planning, Product Development, Research, and the like. They are all concerned with developing the product idea.

The Sales Manager also works at the supervisory level. Under his direction are groups of people performing various specialized functions. There is a group of sales people who maintain direct contacts with potential buyers and who service consummated sales accounts. In the case of commercial and industrial sales this may involve detailed coordination with other departments for the design, construction, and financing of specialized premises in commercial complexes or industrial estates. There is also the task of pricing projects, in the light of both project costs and market competition. There is the job of preparing and monitoring the terms and conditions of sales contracts and leases. There must be a small scheduling group interfacing with engineering and construction scheduling to ensure that projects can be delivered on time in accordance with contract commitments. Of course there will also be an advertising function, and forecasting. Similar activities are involved in any sales department.

The Financial Manager too has specialized groups performing interdependent functions. The largest of these account for expenditures and revenues, the usual job of accounting according to established procedures and producing reports. There is also the vital task of maintaining adequate cash flow to finance the various projects, budgeting for the lag between expenditures and revenues through various banking and financial arrangements. There is the compilation of the annual budget from submissions by the various departments, together with quarterly and annual stockholder’s reports. Then there is the job of arranging various financing strategies for domestic, commercial and industrial customers. There will also be someone delegated the task of monitoring the system of accounts and assigning account numbers. These financial tasks are familiar to every sizable company.

At this point in the growth of your organization, the Personnel function, and the Acquisitions function, don’t qualify as full fledged departments with an interdependent variety of functions within them. The personnel function amounts to little more than advertising new positions,
screening applicants, and their initial introduction to the company. The officer in charge also keeps track of job classifications and employee files, assists in dealing with employee problems and so on. But he has only one assistant. Since the remainder of the personnel function remains largely undelegated, the Personnel Officer works more closely with you as President, than more senior department managers.

Likewise the acquisitions function does not yet amount to a full fledged Marketing operation. The supervisory direction of property acquisition is still retained as part of your job as President. You must intuit the direction that market trends may take and decide in what general areas to commit the company according to your assessment of available opportunities. The person responsible for actually acquiring land functions accordingly. Although he is a senior, knowledgeable person, he works very closely with you, essentially at a senior functional level. In these Personnel and Marketing areas you thus continue to work at a supervisory level.

As President of the company, you have a different relationship with the other four department managers that work at a supervisory level. They must determine how best to commit the resources at their disposal to achieve the desired results. It is you who must balance the needs and capacities of one department against another. There are various ways that you can do this. You can decide to expand or cut back the work force. You can purchase more construction equipment, or reduce your inventory of equipment in favor of periodic rentals. You can introduce new techniques, ideas, and equipment. You can provide new, better, bigger or smaller premises. You can actively seek out growth opportunities. You can concentrate more on trying to maintain a stable size with long term security. You can also consolidate your operations with a view to reducing your size for more efficiency in difficult times.

This kind of work takes careful reflection. It is different in essence from either functional or supervisory work. It may be called administrative in nature and it concerns sustaining the infrastructure of the organization. There is behind it yet another kind of work, true managerial work, that determines the nature of the whole idea of a company. It is this that you are thrust into confrontation with as you ponder the problem of too much profit. You have suddenly been provided with an enormous capacity to expand. The unusual circumstances in which you find yourself dictate that you must expand, and quickly. How to do this
constructively with long term benefits for the whole organization, that is your problem.

As you continue to mull over some of the possible options that present themselves, it begins to dawn on you that there are really only six areas in the company through which activity is focused: Construction, Design, Sales, Finance, Personnel, and Marketing. There may be other stakeholders in a company, such as suppliers and government, but you have no say in their organization. In one disguise or another, these same six focal points of activity are there in every company of sufficient size to warrant their independent delegation. They may change their face, but they are always there. The mainstream activity, in your case Construction, may become manufacturing in another company, or transportation, or communications, or banking, or whatever, and the other five partners will always tag along.

For some reason you find it strange that this should be so. Is there some underlying imperative that dictates this organizational pattern? Is it just Social Darwinism in action, a linear advance from hunter/gather to tribal village, to country town, to corporate structures in a nation city, all without plan or purpose, as some western thinkers would have us believe? But if there is no plan why does this pattern always emerge? And if there is no purpose, how are we to speak of development or progress? Are modern city dwellers more advanced human beings than the age old hilltribes? Are they better people? Are their organizations just more complex because of their numbers? Do our organizations change our lives or the people we are?

You have become more awake and interested. “Now we are getting to some meaty questions,” you say to me haughtily. “It’s about time. But you seem to be making a lot of the fact that companies all have sales, accounting, personnel departments, and so on, in addition to their mainstream activities. Of course every company must assess the market, hire people, develop products, sell products, and account for its finances. That’s obvious.”

“Of course it’s obvious. That doesn’t explain why a common pattern emerges in every company. Why only six activities? Why always six? Don’t you find it a little strange?”

“Hmm. I never thought about it before. You have an explanation, I suppose?”
“There is a lot more to it than explaining the phenomenon. It may be that these six activities indicate a fundamental principle of organization that underlies all experience. There may be no other explanation so far as our social evolution is concerned. And there are analogues in biological evolution. The same pattern is there.”

“Well there must be some scientific explanation. Everything has an explanation.”

“Is that so? Are there no organizing principles that are ultimately fundamental? Is there always another principle to explain every principle? Is the organized world faced with an unknowable infinite regression, without any ultimate basis to meaning? Are we to be forever left asking questions without any hope of finding answers?”

You twist up your face and look at me with dismay. “Surely you’re not going to throw that old question at me. Scientists tell us that quarks, probability, and other fundamental laws determine the basis of physics, and that everything else rests on physics. How should I know? What is the point that you’re trying to make?”

“The point is just this, that physical explanations cannot account for the simple fact that our organizations, including our business organizations, always exhibit six interdependent focal points of activity.”

“What are you suggesting? That there are organizational principles involved in the creative process that science knows nothing about? You must be joking.”

I am taken aback by your attitude. “Surely you don’t believe that science knows everything.”

“And you surely don’t expect me to believe you instead. Science is based on facts, on evidence.”

“The evidence in this case is abundant, if you will take the trouble to examine it.”

“What evidence? Your brief description of a troubled company in Thailand? You’ve got to be more convincing than that.”

“If you stop interrupting I will go ahead and fill out the picture. The story is only just beginning.”

“OK. OK. Don’t be so impatient. Go ahead with your story.”
NOTES:

1  The Eastern Seaboard Development involves new shipping facilities on the Gulf of Thailand, together with huge new industrial and housing estates in the province of Chonburi, some hundred miles east of Bangkok. The city of Chonburi is the capital of Chonburi Province.

2  An enormous escalation in land prices occurred under the Chatichai government. It was one of the justifications seen for the military coup that brought Chatichai’s premiership to an end. The story here refers to the period of very rapid expansion during this time, prior to the subsequent economic crisis in Asia.

3  The value of the baht was approximately 25 to the dollar prior to the crisis. It subsequently devalued to 57 to the dollar, then strengthened to about 37.

4  Darwin’s natural selection and the survival of the fittest provided a means for explaining social processes. Late in the last century, for example, the American political economist W. G. Sumner saw society as the outcome of struggle, where each person pursued their own welfare. According to his view, the winners are the ruthless and industrious, and it is right that they should climb to the top. In a free economy, self-made millionaires are thus seen as examples of the fittest, regardless of how they achieve their success. The same can be said of whole societies. Although social Darwinism may have waned for a time as being politically naive, there are still many who would espouse its virtues, especially among hard line Darwinists.

5  As science currently understands the evolutionary process, there is no explanation apparent as to why organizations should always evolve in a similar pattern with six interdependent activities. The same activities are also there, albeit disguised, in the biological development of the organic cell, and the evolution of organic life generally.
You arrive home, have a shower, then read the paper as you sip Chinese tea that your maid has prepared. You cannot dismiss the idea of six areas of activity from your thoughts. You keep trying them on in different kinds of companies. What you think of as the Construction area always takes the form of the physical product produced. It is the mainstream activity of a company. It may be manufacturing cars or watches. It may be wholesaling products from diverse sources to retail outlets. It may be providing telephone services. It may be providing various other services, such as accounting audits, designing buildings, or transporting goods around the world. Each of these mainstream product areas will have a complement of five other focal points, a design or planning function, a treasury function, a sales function, a marketing function, and a personnel function.

You hear a car drive in. A moment later your wife enters. She has been to the market and gives her purchases to the maid before entering the room.

“It’s a pleasant surprise to see you home early?” she says. “You work late so often.” She is modestly dressed in a full skirt and plain blouse, yet she always manages to look attractive.

“Have you forgotten the dinner meeting at the Royal Cliff Hotel?” She sighs. “I knew it was too good to be true.”

“I’m sorry dear. I am obliged to go. I will try and be home early.”

“Why are you obliged?”

“I’ve been asked to introduce the guest speaker. Some American fellow.”

“How can you introduce him if you don’t even know him?”

“He forwarded a copy of his CV. You know how it goes.”

“Who is he?” She kneels on a cushion beside the coffee table and pours herself some tea from the pot. You suddenly feel uncomfortable in an armchair and move to the floor.
“A professor of Business Management from some famous university or other. I forget which one.”

“So you are going to learn something about how to manage a business?”

“Perhaps. His talk is entitled, ‘Re-engineering Your Organization.’ The business school he is with is offering a three day seminar for senior managers at an atrocious fee. I am faced with having to make major changes in the company, and he may have some ideas worth considering. I shall see what he has to say.”

“Be careful! Remember what happened the last time you took an expert’s advice.”

You smile at the memory, and at her concern. You know she is right. A high flying consultant had come along, flogging a book on Total Quality Management. You had sent a number of your people off to seminars, and had attended one yourself. You had wound up establishing a new Quality Control Department with hoards of people poking their noses into everyone’s business.

To be sure quality improved for a while, until the novelty wore off. Then the hostility set in, along with subversive tactics to defeat the program. People got fed up with someone always looking over their shoulder, telling them their job and making reports when they were not really part of the operating process at all. They were like a KGB with power from the top, while feedback from the working level to you as President was blocked by political pressures, and the impracticability of every minor disagreement coming back to you for a solution. There was no practical way to resolve disputes meaningfully at a working level. You were forced to dismantle the new department before it destroyed the working moral of the whole organization. You concentrated instead on training conducted by your own foremen, group leaders and supervisors. You also established a practical degree of inspection both within each department and between departments where essential. This focused on the engineering inspection of materials and design standards, construction inspection of work methods and safety, an internal audit, sales inquiries into customer satisfaction, that sort of thing.

The dinner meeting and speech was deemed a big success by most everyone present. You thought of a few witty things to say about the guest speaker, and the professor spoke well. He had the gift of the gab. Professors are used to that sort of thing. And everything that he said sounded logical enough. “Make your organization as horizontal as possible,” he said. “Establish project teams.” He kept stressing teamwork.
Teamwork, of course. The whole organization should work as a team, not be building private empires or defending turf all of the time. But how is one to accomplish this? There is something positive in that word teamwork, but there is also something about the word that you do not like. It may often be wrong for a supervisor to seek to extend his influence or the influence of his department, against the wishes of the group, but it may equally be right for him to do so. He may well see a serious problem that is his professional concern, that others are blind to. Should he abort his own conscience, perhaps at the expense of employee or public safety, or value to the customer, or useless effort and cost? Disagreements may be a healthy thing if everyone is doing their job properly. To attempt to smother all disagreements with that word teamwork, may be the worst thing you could do. Disagreements need to be resolved, of course, but not by majority vote. Someone in authority must take responsibility.

That is the real issue surrounding that word teamwork. People in authority sometimes want to avoid the responsibility of making a decision, often because they don’t know the right decision to make, or are unsure of their footing. Responsibilities are not clearly defined with adequate authority attached. Feedback and input to those with authority is often lacking because they are too far removed, leaving them without insight into problems that arise. Insight is biased by a mal structured organization that favors some at the expense of others. The six focal points of the organization are not properly balanced one with another.

You decline an invitation to attend a party after the meeting. You return home. By today’s standards you are a maverick manager, different from the popular kind of CEO. You don’t like the macho image that many MD’s try to project.

You are happy to get back to the woman who has shared your life for years. She brings you a drink on the patio by the pool. The six focal points of activity keep coming to mind. You keep toying with them. There must be analogs in social organization itself. You try to explain to your wife.

“That’s like trying to figure out the meaning of life,” she says cautiously.

“Not really. It is just trying to figure out how experience is organized.”

“Well that amounts to almost the same thing. How experience is organized determines meaning, doesn’t it?”
“I never thought about it that way.” This woman in your life never ceases to surprise you. “Anyway we must surely try to understand this to some extent in order to organize our activities.”

“But our activities might be anything. How can there be a civic analog? What does the city produce as an organization? What product does it create as a collective enterprise?”

“Obviously it creates many products that we need to live and get along together, all kinds of products. Wherever an idea has the potential to meet a need in the marketplace it can be developed as a product and sold. Free enterprise means the freedom to meet one another’s needs in a market environment.”

“Let us suppose that that’s it, all kinds of products in a marketplace. Then where is the Sales function as a civic analog?”

You think for a minute. “How about the mass media? Radio, TV, publishing, advertising. Aren’t they all concerned with communicating ideas of some kind of value to others in the marketplace?”

“Well, I suppose so. But communication is essential to anything that we do.”

“That’s my point. There is an organizational imperative that dictates how all experience is integrated.”

“Okay then. How about the Design and Engineering Department? How do you design and engineer ideas for manufacture and sale.”

You inspect her closely. “I believe you are trying to put me on the spot.”

“It’s your idea. I’m just trying to find out what it’s all about.”

“Okay then, how about education? Doesn’t education develop the creation of ideas? Any community of size needs people with many diverse skills and abilities.”

“That’s hardly like design or engineering.” She looks at you askance.

“Perhaps the point is that design and engineering are concerned with the creation and development of ideas. If you turn it around, it means the same thing in a different context.”

“A good point,” she concedes. “How about finance then?”

“That one is easy. It is our financial institutions.”

“Maybe it is easy for you. How is a financial institution essential to social organization? Good heavens, we are too money oriented as it is. The mountain people have a social organization and they get along fine without money and banks.”
“Yes, they do. But theirs is a more primary kind of social organization. Their wealth, their treasury, lies in their traditions handed down from generation to generation. It isn’t delegated as an explicit function. It’s a bit like a small family business that can keep its books in its head.”

“You mean their wealth is like a collective memory associated with their tradition?”

“I guess you could put it that way.”

“Well we have that too. We have ancient traditions that are passed on as part of our culture. Every culture does.”

“Naturally. But on top of this we have a highly organized system of industry, trade and commerce. In this respect we have financial institutions that monitor the relative value of things. This too is like a kind of collective memory.”

“Finance is a memory?” She has a puzzled look.

“Precisely. If you finance a project you must know how much it will cost. The only basis that you have to go on is the experience gained from similar projects in the past, how much labor it will take, how much material, how much equipment and other resources. This knowledge gained from experience is reflected in current fiscal terms. It is a measure of the resource capacity of the organization to perform.”

“Okay. Let’s suppose I buy that. Then what about this thing you call marketing. I thought marketing was something like selling.”

“That is a popular misconception. It is a completely different activity than selling. It is concerned with identifying a market need together with the organization’s capacity to respond to it.”

“What is the marketing function in your company then. You are in the business of developing land. You are concerned with real estate, developing it, and then selling it. Where is there a marketing function in that?”

“Before we can even think about developing a property, we must identify both the property and a need for a particular kind of development on the property. The task of identifying and purchasing property with development potential is a marketing function. It just isn’t highly delegated in our company because we haven’t reached a size to warrant that as yet.”

“So then, maybe real estate development is a kind of marketing function in a civic context. What do you think? Does that fit in the context of municipal organization?”

The idea rings in your mind like a gong. “You are a sweetheart. That one had me stumped. Of course. Before other companies can enter-
tain their business plans there must be serviced land available, or serviced premises that they can buy or lease. The infrastructure must be developed—power supply, water supply, sewage treatment, waste disposal, air, road, and rail links, and communications systems. And there must be housing, schools and shopping available for their employees. All of this development must be planned, beginning with government planning, according to anticipated needs. Real estate development is a primary business in this respect, just as financial institutions are essential to all other businesses.”

“What does that leave then?”

“Let’s see. We have covered the productive activity of businesses generally, their mainstream activities being as diverse as the nature of commerce itself. Then education can be associated with idea development, media with sales, finance with money supply and our financial organizations, marketing with infrastructure and real estate development. That leaves the personnel analog.”

“Personnel. That just has to do with hiring doesn’t it?”

“Initially, yes. A good personnel officer is concerned with matching the right person with the right job, to derive the most benefit from their creative potential. Then as the organization grows the personnel function gets more complex. There soon arises the matter of training and employee benefits. Then there are company social functions and community functions, since the organization is also a corporate citizen. Once an organization gets to a certain size there is also the matter of properly structuring it. This discussion that we are having is really a personnel function. It is not delegated as such in our company yet, but if it gets large enough the matter of structuring the company becomes sufficiently complex that it requires special study.”

“And that is why you have been wondering about this whole business for so long.”

“Yes.”

“Then let’s finish up so you can put it to rest.”

“You tell me then. What is the personnel analog?”

“I can’t see why you are asking. You have already indicated what it is.”

“I have?”

“Isn’t it social organizations of various kinds? Isn’t it professional associations, trade unions, crafts and guilds, chambers of commerce, our political institutions, special interest groups, service clubs, charitable and
religious organizations, things like that? Don’t these kinds of organiza-
tions determine the nature of our social organization generally?”

You ponder the matter for a moment. “I suspect you have something
there. In any case it is time to put it to rest. Let’s sleep on it. You look
especially lovely this evening.”

“Hmm...”

“What’s all this rubbish that you’re throwing at me,’ you interject
angrily. “I don’t mind you making me out to be all sorts of people. It’s a
cute twist, but you’re going too far. Now you’ve got me married to an
untarnished genius. You’re making me look bad, like some kind of
wimp.”

“You don’t need to be so sensitive. It’s only a story so that you
might better appreciate the organizational principles.”

“Well you’re not making much headway so far. So there’s six ac-
tivities in a company. So what?! And this civic analogue is a bit of a
soup, with the activities floating around together.”

“What do mean a soup?” I find your criticism unnecessarily caustic.

“Well, you’re making distinctions between ordinary companies that
must all relate to the market. How can you arbitrarily distinguish banks
from real estate companies or the media.” You are jabbing your finger
into space to indicate separate companies.

“If you would stop and think for a moment, you would recognize
that these activities function according to distinct regulations. Very spe-
cific banking practices detail the operation of banks. Real estate devel-
opment is subject to building regulations and government planning. Even
the media must conform to established standards that are distinct from
other types of companies. And in each case these guidelines are set out
by professional organizations and specific legislation. In other words
they are structured by the analogue of a personnel function.”

“Even so, so what? What is the benefit of all this analysis. What
practical benefit is all this to me?”

“I’m trying to get to that if you would only stop interrupting with
these derogatory criticisms. How can I get anything across if you resist
every step of the way?”

“Don’t get upset. I’m only asking questions to find out what you’re
getting at.”

“Well I’m coming to that, if you will let me.”

“OK then. I won’t interrupt any more. But it better be good. Get on
with it.”
PART II

COSMOPOLITAN ORGANIZATION
You have spent most of the last several weeks in a hotel suite in Bangkok, hassling with a bevy of lawyers and financial people. Your Acquisitions Manager did indeed find a partly completed project exactly suited to your needs. You are undertaking the purchase of a large development that has been stalled due to financial difficulties before construction could be completed. It consists of a thirty-six story office tower, and a thirty-two story hotel tower, joined by a shopping complex and parking garage, with plans for a future condominium development adjacent. It’s in a prime Bangkok location on Soi Asoke.

“Seven thousand million baht (about two hundred and eighty million dollars) sounds like a lot of money to invest in one location in Bangkok. And we can add another thousand million for completion of the complex.” Your Financial Manager, Fin, is looking out the window at the traffic jam below.

“It’s not too late to pull out,” you say. “Once we are in, we are in for a long time. Are you having second thoughts?”

“The hotel and office rental market is very soft right now. The new Marketing man blames it on the gulf war followed by the military coup. He seems confident that things will improve in a few years. Does he really know? If he is right we should be in a very solid position.”

You have hired a new manager, at the supervisory level, to head up a Marketing Department to identify and assess new ventures, do market surveys, keep abreast of trends, international influences, shifting patterns and needs, that sort of thing. We may call him Mark II. For the time being your Acquisitions Manager, Mark I, will still report directly to you. He is a long standing senior employee who will be due for retirement in a few years.
“No one can infallibly assess the future,” you say. “But even if the market doesn’t improve, we will still be in a good position. We won’t be faced with the huge debt charges that sunk the current developers, together with material shortages and construction delays. The heavy construction is nearly finished and we are getting a good buy. This is a capital intensive business and we will own it comfortably. Things would have to get very bad before we found ourselves in trouble.”

“True enough. Perhaps it’s just the thought of living in Bangkok and fighting the traffic and pollution every day that concerns me. I grew up in a country town, where there was fresh air and freedom of movement. There is not even a place for my children to play in this city. They would grow up breathing poison and watching more poison on TV, without ever climbing a tree or catching a fish in a klong. And the company is moving into very big financial circles. Maybe I’m not up to it.”

You have sensed his concerns for some time, and you are relieved that he has chosen to speak of them. It would be too late after he found another job. “Living in Bangkok concerns me too. There are twenty-five planning authorities with their finger in the pie in Bangkok, and none of them has any real authority. They rarely reach a consensus, so the infrastructure is years behind, while the land owner can do as he likes on his land. But every cosmopolitan metropolis has serious problems. It’s not safe to walk the streets after dark in New York or Chicago.”

“I am amazed at that jungle out there. Only a dozen years ago the Dusit Thani Hotel was the tallest building in Bangkok, a mere twenty-two stories. Now you can’t even see it. There are thousands of taller buildings, some of them three times as tall, one four times. We can’t build enough expressways and public transport to service them all at the rate they are going up. I am in the business of finance and I don’t know where the money is coming from to build them, or who can afford to live and work in them. I am not sure that I want to relocate my family to this city, even if I could afford to live in one of those concrete monsters out there.”

“I have some ideas about that.”

“Ideas? What kind of ideas?”

“We will have some land to spare in the new complex. The condo developments can be redesigned, and altered in concept. There could be room for a small park and playground. I envisage a community oriented development that can provide attractive and affordable housing for our own employees and more, with common areas, and recreation facilities.”
“For all employees? From maintenance workers to managers?” He begins to pace back and forth by the window.

“Yes. We have been afforded a unique opportunity here. We have, perhaps unwittingly, exploited several hundred families in finding ourselves with this financial windfall that we have on our hands. Now we have an opportunity to compensate in some measure. We don’t need to pursue yet another exclusive condominium development in an unending effort to maximize profits to no constructive end, in a city that is rapidly becoming unlivable. We don’t need to apologize to our shareholders for the stability and value of our stock. That is assured if we proceed with this purchase.”

“An interesting thought. But what is to prevent our own employees from exploiting the resale of the units at exorbitant profit, and returning to their village up country? They come here for money, not because it’s a nice place to live.”

“There are ways to curtail that. It can begin with restrictions in a rental purchase agreement in which full ownership only vests gradually, over a period of years, with the right of resale subject to further limitations.”

“Limitations?”

“Limitations that can be reviewed by the community at large in the best interests of everyone. There would have to be a local council, as in any community. It would have to be formalized in a legal constitution.”

“But then this council would be at odds with the prevailing market forces in Bangkok. People that leave the company for whatever reason would be forced to sell at much less than they otherwise could.” He turns and looks at you skeptically. “It sounds a bit pinko,” he says. “It sounds like another totalitarian scheme.”

You smile. You like his forthrightness. “Not at all. No one is forced to live there or to work for our company. Employees may be given preference and financial incentive to live there, but they would not be locked in. The initial consideration would be that they are offered a very agreeable place to live at a price they could not otherwise afford. If they leave, they simply pass that consideration on to someone else in the light of the circumstances that prevail at the time. No one’s freedom of choice is limited by the creation of such a community. One’s choices are enhanced for their immediate benefit. There are hundreds of slums in this city. Is it better that many of our employees should be forced to live in them and fight traffic daily?”
Your Financial Manager is a good natured yet serious man. He begins looking down at the traffic again. “I was taught to believe that the objective of any business organization is to make a profit. The goal is in fact to maximize yield, just as if you were a farmer sowing rice for maximum yield. Why should we do this? What profit is in it? And if there is no profit, then what becomes the guiding philosophy of our business?”

“Are you suggesting that we ought not to be concerned with the living standards of our employees?”

“I can see the merit in what you are suggesting. I am also realistic enough to know that any organization requires practical guiding principles.”

“Interesting that you should say that the goal of a company is to make a profit. How does one make a profit? Is this something that can be grown in a field, like rice? Can it be produced in a factory, like electric fans? How can anyone make a profit?”

He turns around to face you. “Surely you jest. One grows rice and makes electric fans in order to make a profit.”

“Then what is this profit that is made?”

“Why it is money of course. It is value added as a result of growing rice or making television sets. We balance our expenditures and revenues and there is something left over.”

“Ah. So then profit always comes as a result of making something else.”

“I suppose so, yes.”

“So then, by your own words, it is not a goal. It is a result. It is a consequence of achieving a goal, of creating something of value in the market place.”

“You are turning things around. We are in business for profit. We cannot survive without it. Everyone knows that.”

“Perhaps it is your business school training that has turned things around. Do you really suppose that anyone works to maximize another’s profit? Do you really suppose that each one of our hundreds of employees is out there working their little hearts out so that our stockholders can become wealthy? And if we have such stupid people working for us, how can we ever expect to be successful in a competitive market?”

He sits down in an armchair across the coffee table from you. He speaks directly and frankly. “Our employees may not be working to make stockholders wealthy, but the best of them know that their own reputation depends upon their competence. They know that their success
depends largely upon their skill, and upon their commitment to doing a job well. They know that they must be professional to get ahead.”

His directness is refreshing. “I have no argument with that. The point is that their professionalism relates to their competence in making a product of value in the market place. It does not relate to an empty demand for more money. Their profit comes from their earnings. Other factors may come into it, of course, but generally speaking each employee must earn their income as a consequence of their performance. So must each of us. So must the whole organization. It is this word ‘yield’ that financial people like to use that I find offensive. The word ‘yield’ is misleading and damaging.”

“How is it misleading and damaging?”

“It leads people to believe that they are manipulated and used for profit. It destroys the will to freely contribute. They are made to feel that their efforts are harvested like so much rice, while their human status is discarded as chaff. It leads corporations to believe that they can manipulate and use people to maximize yield. They feel free to indoctrinate and coerce people to this end, to get everyone on the same team to maximize profit. It has become such a fervent belief that it should qualify for tax exempt status as a religion.”

“Really, Pres. Isn’t that overdoing it a bit? I know you have been thinking a lot over this enormous windfall and what to do about it. But that doesn’t make profit bad. We all need it.”

“It isn’t the word profit that I find offensive. Profits are normally earned. Yield implies the exploitation of the organization for an extraneous motive.”

“But it is a simple fact that in successful businesses profits do accumulate in one way or another. This provides for additional investment opportunities that are frequently extraneous to the conventional business activity.”

“So theoretically then there are no limits to corporate growth. Huge multinationals are then faced with investing in one another, takeovers and so on, until comparatively few ultimately control and manipulate the world. Stock markets and international finance becomes destabilized while a few large players gamble with the security of nations, trading one off against another. The stability of the civilized world is placed in jeopardy over the mindless gyrations of immense profit centers for no constructive end.”
“With all respect, Pres, this windfall has also caused me to wonder about the pragmatics of profit as a motive in business. I never dreamed it possible that any organization could suddenly find itself with too much profit. So we may find a temporary solution by investing in this large commercial complex. What then is our ultimate solution if profits continue to grow, and everything we touch turns to gold? Are we destined to continue buying up other companies until we too are in the game of manipulating the world? This is a game I don’t want to play. Quite frankly I have been thinking of submitting my resignation.”

“I was afraid of that. Please listen carefully to what I have in mind. I hope that you will reflect on it at length and decide to stay. I respect your judgment. I need you. This windfall has made me question and explore new ideas about corporate structure, about how an organization works. The organization structure itself determines whether a business functions well or malfunctions. If it is structured incorrectly, then all of the preaching about teamwork, all the theories, books and seminars in the world won’t help for long. Politics and bureaucracy will erode it internally.”

“I don’t know what you mean. There may be any number of ways to structure a business organization. It depends a lot on the kind of business.”

“It does and it doesn’t. It occurs to me that there are always six focal points of activity to any business of significant size. They are linked in polar pairs to provide insight into three dimensions that are essential to the success, to the very survival of the enterprise.”

“Focal points of activity?”

“Call them departments if you wish, or regions, or areas of activity, or domains.”

“Very well then. What are the six domains and how do they translate into three essential dimensions?”

“A diagram is given in Note 1. Also see Chapter 12, Chart 1.)

“Let’s begin with Finance. Every company must account for its resources expended and balance them against revenues, as you said. And the resulting profit may allow the organization to extend itself and grow. But profit doesn’t create that growth in itself. It simply represents a certain resource potential that may be committed to developing or extending a creative idea associated with the business. The development of the idea itself is a different focal point of activity, a different domain or department. We may call it the Product Development domain. In a property
development company, like ours has been in the past, this idea development domain has been called the Design and Engineering Department.”

“What if we were a drug manufacturer?”

“Then it might be called Research and Development. Even financial institutions such as banks must develop a financial product and tailor it to meet a need in the financial marketplace. The point is that there is a special polar relationship that always exists between the Product Development and the Finance departments that provides direct insight into the creative potential of the organization. There is no other way to recognize this potential dimension of a company. It always depends on the polarity between Finance and Idea Development. You may have the best idea in the world, but if you can’t finance it, it remains only an idea. Or you may be the wealthiest man in the world, but if you are bereft of creative ideas, your money is sterile.”

“All of this seems fairly obvious, of course. I’m not sure where you are going with it.”

“It is deceptively obvious. Let’s move on to the Sales verses Marketing polarity.”

“I think I understand the fundamental distinction that you make between Sales and Marketing. Marketing is concerned with identifying market needs associated with the company’s capacity to respond to them. It may identify new ideas for development. It may recommend a shift away from an outmoded product line to concentrate on one that is less competitive, and so on. Sales, on the other hand, is concerned with actually reaching the market with products currently developed that are of proven value.”

“So then you should see that insight into the performance dimension of an organization is dependent on the polar relationship between Sales and Marketing. Sales performance can only be creatively evaluated with respect to an impartial assessment of market needs in the light of the company’s capabilities to effectively meet them. A chart of sales volume over a period of years may mean nothing more than changing trends in the market. Sales must be interpreted with respect to Marketing if one is to understand the company’s performance. This performance dimension reflects on the whole company, not just on the Sales Department. Poor performance may mean inferior product quality, poor service, poor design, slow delivery, ineffective sales policy, inefficient manufacture, overpricing, poor credit arrangements, union problems, many things.”
“Why have you not decided to establish a Marketing department until recently?”

“Marketing is not usually a delegated function in smaller companies. The company president can have a direct intuition of the market, a gut feel for local and regional trends. With this new acquisition we will undergo a rapid spurt in growth into more unfamiliar territory with international factors involved. These expanded markets require professional study and analysis.”

“So that leaves us with the third company dimension.”

“Yes. I call it the commitment dimension.”

“I can see that we have not yet talked about what used to be the main company activity, that is property development, primarily for sale. I can see that this acquisition of a hotel, office, and commercial complex will move us heavily into the property rental business. In a sense this is still in line with our historical activity of providing infrastructure essential for business, so our diversification is at least reasonably consistent. What additional focus of activity do you see as the polar partner to property supply?”

“The Personnel activity.”

“Personnel?” He looks at you surprised. “Do you really place that kind of importance on our lowly Personnel Department? Why at present it only consists of one Personnel Officer, an assistant and a clerk.”

“If we go ahead with this acquisition that will change, just as your department will change.”

“Change how? And what about this third dimension? What polarity is there between Property Supply and Personnel? How does it give us an insight into commitment?”

“First you must understand that the Personnel activity concerns the whole organization structure. Most of this activity as yet remains undelegated. In smaller organizations the structure falls into place with comparative ease and personnel assistance is first sought to facilitate hiring, maintain employee records, mediate employee disputes and so on. But the best way to structure our newly expanded organization is by no means readily apparent. We will need to hire many people in many occupations to maintain and operate these new premises, just as we already have many people involved in constructing new premises in our old business.”

“I can see that.”
“Now the problem arises how best to structure this whole organization so that it intelligently and constructively relates to itself. Once the organization structure is drafted out, then the task of hiring the best people to fill the slots can begin.”

“Of course the Personnel Department must expand to meet this task, and I assume it will have a greater role to play in maintaining an adequate organization.”

“Many new things will be necessary, from formal job descriptions and salary evaluations to ongoing organizational analysis and social benefits.”

“How does this translate into a polarity with our mainstream activity?”

“Think for a moment in terms of the obvious. If there is some serious operational problem in the company, even to the extent of general employee moral, where do you look to find the cause and correct it?”

“I suppose to the organization structure, or maybe someone is not the right one for the job. It could also have to do with inferior equipment or material.”

“If we assume that part of each department’s job is to properly equip itself and to maintain an adequate supply of material, that leaves us with the organization structure and the staffing of it. If something is seriously wrong in the overall operation, we can only look to how it is structured and staffed. It is this polarity between mainstream operations and the personnel function that gives us an insight into the company’s commitment.”

“I think I’m beginning to glimpse what you’re getting at. As you see it, there are three dimensions to every company: potential, performance, and commitment. Each dimension consists of two domains of activity which provide for a polar insight into that aspect of the company’s operation. Are you suggesting that this is always the case, that it is universally true?”

“Exactly so.”

“How do you know?”

“Wait a minute. There’s more. These three polar pairs seek a mutual balance. If there is an inadequacy in any dimension as it relates to the others, the company is in difficulty. There are a variety of sides to this. For example we suddenly find ourselves with a huge financial windfall, that by itself is sterile. We can’t even give it away without compounding the problem in some way. We must find a creative idea of
appropriate scope to realize the potential inherent in our situation. That means increasing the company’s commitment through the organization and this will reflect in performance.”

“I can see that there is a balance involved.”

“Don’t forget that there are various sides to it. In businesses that have a reasonably stable history, those that aren’t changing rapidly, say dry goods retailing, steady performance can be sustained through solid commitment with relatively modest potential. Not so in the electronics industry. Good performance today is obsolete tomorrow. The Marketing activity sees a picture that is changing daily, and all the commitment in the world won’t save old ideas. Electronics companies need to generate large potential to survive, both the ideas and the funding to make them a reality.”

Fin smiles. “It’s an interesting mosaic that you portray.” His smile fades as he returns to his question. “How do you know that there are only three dimensions? How can you be sure that there are only six regions of activity in a company?”

“Notice two essential things about the three dimensions. First, one partner in each polar pair relates the company to a different outside interest. Finance relates the company to the stockholder. Personnel relates the company to employees with independent lives. Marketing relates the company to the customer. Second, the other polar partner relates internally to developing the product idea, to actually creating the product, and to its sale, respectively. Doesn’t this cover the complete range of activity for any company?”

“Hmm. It seems to. Even if it does, what is the advantage of making this kind of analysis?”

“As President of the company I need to have an insight into the three dimensions if I am to maintain an appropriate ongoing balance between them. The very survival of the company depends on this. If there is one lesson I have learned from this windfall, it is that the goal of a company is not to maximize profit. The goal is long term survival, by responding appropriately to shifting market needs. A company must continue making a contribution of value to the marketplace. To do that an appropriate balance must be maintained between the three dimensions. That means that the six domains or regions of activity must each be delegated separately. I call this the first structural constraint. If this constraint is ignored, an insight into the three dimensions is lost.”
“Why is it lost? If all this is true, as you say, it must still be there somewhere.”

You pause to consider the question for a moment. “Let us suppose that the Marketing activity is delegated to the Sales Manager. The activity will become slanted toward his biased view of the company’s operation, for he is not in control of the other two dimensions. Yet he would be in control of assessing the direction the company should take. At the same time I would be denied an independent insight into the company’s overall performance and would not be in a position to appropriately balance the three dimensions. This is one recipe for trouble. There are many such recipes for trouble possible, because the three dimensions are also operative within each of the six domains of activity. Each of the six domains in turn has six domains that tend to become separately delegated as each department grows.”

Fin shifts uncomfortably in his chair. “New ideas always seem strange at first, but I think I am beginning to see what you mean. What you are saying in effect is that your job as President consists in maintaining a constructive balance between the three dimensions. If you do this well the company will succeed. Is that it?”

“In a nutshell that’s what it comes down to.”

“That brings us back now to this question of profit. The maximization of profit is the current governing philosophy of business in general. If the company continues to succeed, through balancing the three dimensions or not, profits will grow and keep growing. That increases the potential capacity for real growth, which requires a burgeoning stream of new ideas to be developed, each one of which brings yet more profit. Is it then our ultimate destiny to be on this path with the giants, gobbling up the world?”

“Not all giant companies necessarily focus their attention on dominating the world economy. Some enterprises by their nature must be giants, Boeing for instance, or AT&T. But so long as we believe that the primary goal of a company is to maximize profits, then yes, growth for the sake of more growth becomes the mindless result. Surely, however, the three dimensions indicate mutual balance as the key to long term survival. Why then must profit forever accumulate? For that matter profits may be totally disbursed to the stockholder as dividends.”

He looks at you skeptically again. “You have already said that we shouldn’t blindly hand over all profit to stockholders, as if we were idiots working to make others rich. I don’t think you are suggesting that
we give them more than is fair and equitable in the circumstances, so long as we can continue to attract the investment capital we may need from time to time. What then to do with the remainder?”

“Look at the three dimensions again. The stockholder is only one of three peripheral interest groups essential to the successful operation of the company.”

“You mean there is also the customer and the employee. Are you implying that we can also distribute profits to the employee and to the customer, that we don’t need to forever keep accumulating a potential for more growth?”

“Exactly. We can increase employee benefits to improve their standard of living, to secure their future and that of their children. That’s partly what I had in mind with this new community concept. We can also provide a better quality product to the customer at a lower price. We don’t need to milk the market for every baht that we can. In the process we can insure higher occupancy rates in our new venture. We can insure both better employee commitment and better customer commitment to our organization.”

“Interesting.” He leans back and looks out the window, collecting his thoughts. “This really is an interesting concept. Are you saying then that we can function indefinitely, with complete security and stability, without accumulating any profit whatever?”

“Essentially yes, although it may be necessary to either grow or consolidate from time to time. Everyone involved in the organization profits, the stockholder, the employee, and the customer, in an equitable manner, such that it enhances the quality and stability of life for everyone.”

“And what is to keep this balance in a proper perspective? What is to prevent it from going off the rails into a degenerate spiral? A couple of bad years when there are no profits to equitably distribute, and things can start to turn sour. There are a great many people that believe in this profit ethic of grow or die.”

“That’s where you come in. There are no absolute guarantees in this world, but your department must provide the closest thing to it.”

“The Finance Department? How can finance ensure the stability of the whole company when the company objective is zero profit? You must be joking.”

“It’s not so foolish as it seems on the surface. Your department must change. That’s why I am telling you all this. The change may or
may not be to your liking, but I hope it will be. I will not find another Financial Vice President like you. I need you and I hope that you will stay and see this thing through.”

“Did you say Vice President?”

“Yes. It is not an idle promotion to win your favor. Your department must grow to meet new demands upon it. Your expanded department will also have three dimensions consisting of six activities, although not all six will be fully delegated.”

“But you will expect that I should delegate each of these activities separately, so that I will be able to maintain an equitable balance between them?”

“Exactly.”

“I’m not sure that I know where to begin?”

“Begin with your mainstream activity. What is it?”

“Accounting, of course. Keeping tabs on expenditures and revenues and making financial reports. But then what would be the Finance Department’s finance activity?” (For an overview of the Finance Department see Chapter 16, Chart 5.)

“Wouldn’t it be Finance? Doesn’t someone have to make banking arrangements, arrange for overdraft, invest surplus funds, arrange long term financing when necessary, and establish credit and financing arrangements with customers?”

“Of course. It takes a while for new ideas to sink in. Amazing how dull we people really are.” Fin opens his brief case and begins making a few notes. “How about Idea Development though? What does finance have to engineer and design? That one is a little bit tougher.”

“Yes, it would seem so.” You are feeling your way yourself. “I wonder where the budget fits in. Could that be it?”

“Probably is. Yes, we have to pull the budget together. And this of course has a polar relationship to Finance. We have to finance the budget in some way. This polar pair would relate to the potential dimension of the company. Makes sense.” Fin makes another entry in his notebook. “So then lets go back to Accounting. What is its polar partner? Surely there isn’t a Personnel function in the department. Is there?”

“Keep in mind that Personnel has to do with the dual tasks of structuring and staffing the organization.”

“Including the Finance Department?” Fin has reservations about someone else telling him how he must structure his department.
“The whole organization must be structured to relate to itself properly. Personnel must provide direction to every department in this regard, and must assist the department managers in staffing matters. It isn’t that there will be a separate Personnel activity in the Finance Department. Instead we must look for a structuring function as it relates to accounting. It could be structuring anything.”

“Could it be the structuring of information?”

“I don’t see why not.” It dawns on you that organization concerns how we organize our knowledge and thoughts as well.

“Then maybe it concerns the system of accounts itself, together with computer programming to collect information in certain ways. This activity links Finance to every department. Account numbers are assigned as projects and expenditures are approved to proceed, and as sales are made. Cash flows are scheduled according to schedules of completion, when bills must be paid and when revenues are due. The flow of all of this data must be organized and assimilated as it relates to the Accounting activity.”

“That seems to make sense then,” you say cautiously. “Let’s call it the Account Systems Organization activity. The polar relationship between Accounting and the Account Systems Organization provides for an insight into the commitment dimension of Finance as it relates to the whole company. All this is essential to the scheduling of cash flow, is it not?”

“They are so closely related as to be part of the same activity. Short term cash flow scheduling concerns our financial organization and this is dependent upon our system of accounts.” Fin notes this polar pair between Accounting and Account Systems Organization in his book. “Long term finance is another question of course.”

“So far so good.”

“This performance dimension has me stumped. Where is there a Sales analog in the Finance Department. Where is there a Marketing analog?”

“First, I think that we have to have another look at your mainstream activity, Accounting. That’s your main product. That must be translated to other departments in terms that are meaningful and of value to them.”

“You mean that the accounting activity is intended to service other departments?” He looks at you puzzled. “I have always been under the impression that other departments apply to us for financial approvals
then feed information back so that we can produce a balance sheet for the benefit of the stockholder.”

“That’s the way it works in an organization oriented toward the maximization of profit for the benefit of the stockholder. But in our new organizational concept we have the customer and the employee to think about too. We must consider the equitable distribution of profits three ways, for the stability and security of the whole organization.”

“I am still none the wiser. What does this make the Sales analog in the Finance Department?”

“Your mainstream activity is accounting for expenditures and revenues for the whole organization. This takes place within the context of our financial organization, with data flow from every department, including your own. Now how are these expenditures and revenues tabulated. Are they all just lumped into two big accounts, one plus and one minus, the difference between them being our profit or loss?”

Fin knows you know better and wonders why you are pursuing this line. “Of course not. We have a complex system of accounts, as we just discussed. Expenditures and revenues must be assigned against specific account numbers. We just called this the Account Systems organization activity.”

“How is this system of account numbers normally determined?”

“There are manuals produced by the accounting profession recommending standard systems. There are also governmental regulations involved and independent auditors to be concerned about. There are many things to take into account, depreciation of capital assets, tax laws that dictate certain advantages to doing things a certain way, and so on.”

“And how about providing information back to each department as to how their actual expenditures tally against their anticipated budgeted projections?”

“They make budget submissions, of course, but our department prepares the final budget. We know whether the budget is overspent or not, and why.”

“Do you really prepare the budget? Does your department estimate every pound of steel and cement that goes into a new building project? Does your department determine the cost of an advertising campaign for a new development, or the expenses involved in its architectural and engineering design? Come now. You know better.”

“Of course. I didn’t mean that we did all the ground work, only that we assimilate the information into a coherent document. And we do
provide feedback on certain budget items that may be overspent or underspent beyond certain limits.”

“Do you provide an itemized tally of capital and operating expenditures, department by department, item by item, that can be compared to budgeted projections?”

“Well, our system of accounts is not so fine tuned as that. Different companies are organized in different ways so that generally accepted practices are not that definitive.”

“In a housing project, do you collect all costs of land, services, building, selling, finance, advertising, engineering and design, overheads and so on, all projected over the life of the project, so that accurate unit costs can be determined in order to assess fair market prices?”

“Not so detailed as all that. Quite frankly, market forces drive prices, and there is such a windfall profit on land that we don’t need completely detailed information to know that we are in a very profitable position.”

“That may not always be so. In fact when we get into the hotel business, we will need accurate capital, operating, and maintenance costs, on a daily basis per room, in order to know how much we can shave prices in a highly competitive market.”

“Then we would have to revise our system of accounts in a major way. In fact to keep up with a changing organization, we would need someone monitoring the Account Systems constantly as it relates to organizational needs.”

“That’s a vitally important point. The system of accounts relates finance to the whole organization. It must mirror the organization structure. You might say that finance and the organization are tensionally coupled in this way.”

Fin reflects back on the earlier conversation for a moment. “The next thing you are going to tell me is that if we revise our accounts to provide full budgeting responsibility for each and every department, and thus achieve full accountability across the organization, then we should be in a position to equitably distribute profits between the stockholder, employee and customer.”

“I am coming to this, yes. Before we attempt this we must also ensure that we have sufficient retained earnings to provide for such things as unexpected market fluctuations, major maintenance expenditures that crop up from time to time, contingency items, that sort of thing.”

“Can you be more explicit?”
“For example there are extraordinary maintenance expenses that are sure to crop up in the operation of a hotel and commercial complex. These might be associated with the expected life of interior decor, mechanical equipment, and so on. The point is that these extraordinary expenses don’t necessarily come regularly in equal amounts corresponding to the annual budget. They follow cycles associated with the life of a project, it’s decor, accouterments, and certain facilities. Some contingency assessment of this is necessary.”

“There is a capital depreciation account to allow for replacing major facilities, of course, but I can see what you mean. It may be necessary to have subsidiary allowances also. Can this be analyzed and estimated in advance?”

“To some extent, but not completely. Let’s take a housing project and industrial estate development. It may take a few years between first breaking ground and the completion of most housing and factory units. During this period there is a lag between expenditures and revenues that must be financed, either out of our own retained earnings or from other financial sources. If the money is borrowed, and there is a drastic collapse in the market for some reason, another gulf war for instance, another coup, a revolution in China, whatever, then we could be in trouble. Such unpredictable calamities are frequent enough these days, and we should be prepared for them to some degree. The degree of preparedness relates to the average time span associated with each project. Our financial organization should be sufficiently resilient to absorb these unexpected fluctuations without them incurring disastrous results.”

“Your point is taken. We surely must operate from a stable foundation if we are going to wind up giving away all our hard earned profit. You are really serious about this. You are going to give away the farm, and call it good business at the same stroke?” Fin looks at you again with the dubious expression that has been on his face since the conversation began.

You smile. “I’m not going to give away the farm. Stockholders, employees and customers are the business. It is good business to make sure that they each get a fair shake, whatever the realities of the marketplace. The stockholder will get a good and steady return on his investment, however fickle the stock market may become. The employee will get enhanced benefits, regardless of however competitive the employment market becomes. The customer will get a better product at a better price, despite inflationary pressures in the market, driven by opportun-
ism and a mentality of profit maximization. We may still retain earnings to fund the potential dimension of the company, if it is in our best interests as an organization to grow. We may also decide to stay the same size, or to shrink and consolidate. The point is that we are not left as mindless slaves to a mentality of pointless growth for its own sake, to the detriment of everyone concerned, including our social and natural environment.”

“Sounds like the death knell to Keynesian economics.”

“Let’s get back to our three dimensions.”

“Very well then. You are telling me that the sales activity in the Finance Department is the job of assessing how much profit we have for distribution to the stockholder in the form of dividends, to the employee in the form of improved benefits, and to the customer in the form of better quality products for less price. I suppose we could call it the Profit Distribution activity. It sounds more like charity work than sales. We are talking about giving away money.”

“It’s not so easy as it sounds. We must do it carefully to avoid getting in trouble. We must carefully consider and balance the realities of all three markets, in which we must find finances, hire personnel, and sell our product. And we can still remain flexible with respect to possible growth, if it is in our best interests as an organization. This Profit Distribution activity, let’s call it, requires close study. And it requires input from other departments, especially Personnel and Sales.”

“What then is the polar partner to this so-called sales activity of the Finance Department? What is the marketing activity of Finance?”

“Shouldn’t it be research of financial markets? Let’s call it Fiscal Research. In today’s business world, with complex international forces at play, does it not take serious study to keep abreast of financial trends, looming risks and windows of opportunity?”

“I suppose the larger we get, the more we become linked to international markets generally. Such things as inflationary pressures, currency and interest rate fluctuations, stock and bond market swings and so on, can be very costly if one is not well informed and cautious. But how does this relate to maintaining an equitable balance of profit distribution?”

“You must think in terms of how finance relates to the whole organization. We are going to have a Marketing Department to probe opportunities and risks, to provide long term direction for the company’s mainstream activity as a whole. Before this can be translated into a re-
vised emphasis on Product Development, we need to know how our creative potential to make the revision a reality is likely to be affected financially during the development and implementation period. Before development and implementation can be realized, there must be organizational changes directed by the Personnel Department. This may affect every department in the company, including your system of accounts which must mirror the changes. Drastic fluctuations in financial markets can affect all this.”

“I see it now. The performance dimension of Finance is critical to the potential dimension of the company as a whole.”

“That’s a good way to put it. It can also influence Sales and Operations, especially in the hotel business. For instance, a stronger yen with respect to the dollar may mean that more Japanese than Americans are encouraged to travel abroad. Our Sales program should likewise shift its emphasis more to the Japanese market. We should also have sufficient Japanese speaking staff to make their stay more pleasant.”

“You are expecting a lot.” Fin shakes his head and rubs his chin as he notes the third polarity between the Profit Distribution activity and the Fiscal Research activity in his book. “This means a complete overhaul of the Finance Department, not to mention other departments.”

“It’s more than an overhaul. In the past your job has focused primarily on the commitment of resources at your disposal to produce specified results related to product or project cycles in the company. In the past, projects have meant new domestic and industrial subdivisions, in short, homes, factories, and high rise units intended for sale. I call your present job a senior supervisory position, although your current title is Financial Manager.”

“But I have supervisors reporting to me that I consider senior.”

“Yes you do, and they are. But the work that they do concerns overseeing repetitive task cycles that are prescribed by you and your profession. However knowledgeable, skilled and experienced they may be, their work is functional in character as opposed to supervisory in the special sense that I define the word. We may think of them as functional chiefs. You are an executive supervisor in a sense that they are not.”

“There is a difference in the level of work. I can see that.”

“In your new job as Financial Vice President, you will be doing what I call administrative level work. It is associated with developing and maintaining the organizational facilities of the company as a whole. It is yet another level of work. It is different in kind from executive su-
pervisory work. In general four distinct levels of work can be identified. As they are delegated and expand, the same four distinctions begin to break out within each level, always beginning with the functional level and working up through the hierarchy. But this need not concern us in a four level organization, except to recognize that there may be more than one level of functional work. It is enough to know that there is a hierarchy of four levels of work, each being different in kind from the next. Each kind of work implicitly gives direction to the next. In delegating levels of work these distinctions must be clearly recognized. Additional levels must not be arbitrarily created. I call this the second structural constraint.”

“So there is functional work, supervisory work, and administrative work. What do you call the fourth level?”

“Managerial work. Only the chief executive officer does managerial work in a four level company. Managerial work gives form to idea and direction to knowledge. Administrative work gives form to knowledge and direction to routine. Supervisory work gives form to routine and direction to behavior. Functional work gives form to physical behavior and direction to a product or service.”

“Interesting.” Fin makes another entry in his book. “How many structural constraints are there?”

“Only two. Together they prescribe the limits of flexibility in structuring any organization correctly for optimum effectiveness.” Your mind wanders briefly back to that niggling question of why there should be two structural constraints. “They are related to the natural order somehow,” you add. “They are related to how intelligent systems are organized and integrated.”

“So then I will need executive supervisors reporting to me, each responsible for one of the six domains of the Financial Department?”

“Let’s call them Senior Supervisors, for their responsibilities will not quite measure up to yours now. And some of them may be more senior than others. A couple of the six activities may still operate at the functional level, reporting directly to you, perhaps through a functional chief, fiscal marketing for instance, even though they are senior functions involving comparatively sophisticated tasks. This means that you will still work in an executive supervisory capacity in relation to them. This is something that you must think over very carefully.”

Fin stands up and goes back to the window, gazing out at the forest of sky scrapers growing up from the pollution and congestion below. He
stands there quietly, immersed in thought. You join him, wondering how such a jungle can ever be transformed into a livable, meaningful place. But you are stuck with it. You cannot change the whole world, yet you must function within it. And you have the opportunity to do something constructive within your own organization. You feel like a pioneer in the wilderness, hacking out a new homestead. However modest your efforts, they will mean something to those you are responsible for and to. Eventually the approach may begin to rub off on other organizations.

“I need you,” you say to Fin at length. “I hope you will stay.”

NOTES:

1 The six domains of activity may be represented as a triad consisting of polar pairs as follows:

Note that each polar pair provides insight into one of the three dimensions. The Organization ↔ Production pair provides insight into the Commitment dimension. The Finance ↔ Development polar pair provides insight into the Potential dimension. The Sales ↔ Marketing polar pair provides insight into the Performance dimension. The six activities, as three polar pairs, must find mutual balance and have no hierarchical relationship one to another. This theme will be thoroughly developed.
We shall see that all six domains of activity in a company only become separately delegated when it grows to what will be called fourth stage delegation. At fourth stage delegation a company may reach two to four thousand employees or so. Numbers can vary depending on the kind of business. Four level delegation always occurs first with respect to the mainstream production activity, for example the Production Department of a manufacturing company. But even within this largest department in a company it rarely has an independently delegated Marketing activity, with a focus distinct from the Marketing Department for the company as a whole. In other words four or five of the six activities may find a degree of independent delegation within the largest departments of a company, but rarely all six. By the time there is four level delegation within the mainstream activity, this department will eclipse the organization of the company as a whole and it becomes a five level company. More on this later. (See Chapter 13, Note 2)

The six activities in any company have also been identified by Albert Low, *Zen and Creative Management*, Doubleday Anchor Books, Garden City, NY, 1976. When these ideas were initially conceived we both worked for the same organization. Albert’s ideas on organization structure were helpful in giving expression to independent insights into the creative process, as they relate to a business organization. There are nevertheless fundamental differences in our perspectives. The three dimensions emphasized here derive from insights into the cosmic order, and business structure derives from a far more extensive system of order that underlies all experience. This is more fully outlined in *Fisherman’s Guide to the Cosmic Order*.

The Finance and Organization activities of a company are tensionally coupled, and the Development and Production activities are tensionally coupled. The former tension is implicit, the latter is explicit. In other words the organization of the system of accounts should implicitly mirror the organization structure of the company, while production techniques must be explicitly modified to suit the development of new products. The underlying reason for this tensional coupling implicit in the nature of the creative process is outlined in Appendix 1 of Fisherman’s Guide.
The four levels of work implicitly give form and direction to a company. They may be summarized as follows:

**Managerial work gives form to idea and direction to knowledge.** For example, Marketing input may indicate a need to develop a certain product line. It is as a result of Managerial commitment that the organization will develop and apply the knowledge and ability to do so.

**Administrative work gives form to knowledge and direction to routine.** Knowledge is implicit in the developed facilities and expertise of an organization. For example, once a Managerial commitment is made to develop and produce a certain product, the organization must be developed to do so, the specific technology must be perfected, the production facilities acquired, and the employees trained, before production can begin. All of this work has to do with giving explicit form to knowledge consistent with product cycles. All six activities are involved, although they will not all be delegated at the administrative level.

**Supervisory work gives form to routine and direction to behavior.** Once the production facilities and other infrastructure and trained personnel are in place, direction is implicitly provided to the formulation of routine. Supervisory work must commit the available resources of labor, materials, and equipment in specific routines associated with the organization of task cycles.

**Functional work gives form to physical behavior and thus to a product or service.** The basic skills of various trades and professions are assumed. Once the basic resources of labor, materials, and equipment are provided, consistent with the organization of task cycles, then functional work can proceed to produce or provide the end product or service of each of the six activities involved. It may be the production of the physical product, the drafting out of its actual design, the actual sale of the product, the production of associated financial reports, and so on.

The six activities that provide polar insight into the three dimensions of the Finance Department may be summarized as follows:

**Commitment Dimension:** The Accounting activity has a polar relationship to the Account Systems Organization activity thus providing insight into the commitment dimension.

**Potential Dimension:** The Budgeting activity has a polar relationship to the Finance activity thus providing insight into the potential dimension of the department.
Performance Dimension: The Profit Distribution activity has a polar relationship to the Fiscal Research activity thus providing insight into the performance dimension of the department. Keep in mind that the three dimensions have a triadic, not a hierarchical relationship to one another.

6 The fiscal research activity of the Finance Department will not likely be delegated to a significant extent in a four level company. It may involve clerical assistance from time to time to collect fiscal data for assessment by the Financial VP. The point is that this activity will remain predominantly undelegated by the Financial VP. He will tend to assess and predict financial markets himself, with functional assistance in the collection of data.
CHAPTER 9
A MEAL IN THE MARKET
THE ORGANIZATIONAL CHALLENGE

You have just sat down with your Personnel Officer at a wobbly old table in the market at Prathunam. You have wandered south from the Indra Hotel through a labyrinth of narrow walkways lined with stalls selling all manner of clothing and other goods, some of it made by the seamstresses plying their trade in the midst of the crowds jostling past. It is a place where many Thai people shop, since goods are a fraction of the prices demanded in the modern shopping malls that have sprung up all over in recent years. Fumes from gas fired woks drift through the large eating area where many concessionaires offer a variety of food for next to nothing. Each has an area sufficient for a few tables.

You have ordered a bowl of bami heng. Your Personnel Officer has ordered bami nam. You have brought him here for a reason. You noticed his natural politeness with the waitress. He seems at home in surroundings where well to do people rarely come.

“We are beginning a new adventure,” you say. You have spent part of the day explaining to him some of your thoughts about the new organization and how to structure it. You have filled him in on your discussion with the Financial Manager the day before, especially about the community development for employees.

“It is a very ambitious scheme,” he remarks. “It will take a great deal of coordination and planning, particularly if you want employee input into the layout of the housing facilities.”

“That’s where your department will come in. You will have to elicit ideas from those employees who will be living there and discuss them with all concerned.”

“The employees should perhaps select a housing committee from the outset,” Perse says. He has always been oriented toward accommodating the opinions of others, if it can be done constructively. You like
that quality in him. “It would stimulate a lot of interest in the project,” he adds.

“A good idea, although you should provide a guiding hand. It could also act as a steering committee toward forming a permanent community government. Keep in mind that you will have to coordinate with our Design and Engineering Department to try and implement as many of the suggestions as are practical.”

“Our existing Design and Engineering Department? I was under the impression that the new commercial complex would be managed as a separate organization.”

“Yes. The new complex will be operated and maintained as a separate department. But this is something very different from developing the facilities in the first place. Operation is something distinct from design and construction. In the larger organizational context the latter is a Product Development activity, whereas the mainstream Product activity is the Operation of a rental business, the rental of hotel rooms, shopping mall and office space.”

“So the new complex will be managed by a Vice President at the administrative level?” (It will be helpful to refer to Chapter 13, Chart 2.)

“That’s correct,” you reply. “He will be responsible for many employees, from hotel receptionists and dining room chefs to mechanical and electrical technicians. These people must be organized into departments within his department.”

“Will there be a Product Development activity within the department then?”

“Of course. This will entail the technical Maintenance of the facilities, the electrical system, air conditioning, water supply, waste treatment and disposal, telephone and electronic systems, that sort of thing. It will also entail an interior decorating unit, concerned with refurbishing the facilities on a periodic basis, and also a building maintenance group, window washers and so on.”

“Then it is only significant changes to the facilities, as opposed to their maintenance, that would entail input from the Design and Engineering Department.”

“Right. When that happens, the Maintenance activity will interface and coordinate with Design and Engineering. Otherwise the two departments will operate independently.”

“What about the financial activity of the new complex? Will it have its own accounting section, budgeting, account systems organization,
finance and so on? Will there be six activities delegated within the new department’s financial activity?"

“It may have these four that you mention, and perhaps also some functional delegation in a profit distribution activity to determine limits of flexibility in room rates and salaries. The remaining activity, fiscal research, will not be delegated in normal circumstances. The point is that the delegated activities will focus on the internal needs of the department. For example the hotel, office and shopping complex must know who has paid their bills and who hasn’t. It must also have a cost accounting function to assess it’s own efficiency. And of course it must prepare an annual operating and capital budget. It therefore must have a system of collecting the essential data, and there must be a degree of local flexibility in assigning account numbers to reflect the department’s needs. These will be small functional groups within a financial section reporting to a Financial Manager at the supervisory level who reports to the Vice President in charge of operating the whole complex.”

Perse looks concerned. “Won’t this lead to conflict with the Financial Vice President of the company? Won’t he consider this his turf?”

“On the contrary, it should avoid conflict. Just because there is a similarity in functional character between these activities doesn’t mean that they must be grouped into the Financial Department for the company as a whole. The Financial VP shouldn’t be concerned with who has paid their hotel bill and who hasn’t. He can’t devise a system to monitor this without interfering with the VP responsible for running the hotel. Neither can the Financial VP prepare an operating and capital budget, for he knows nothing about the hotel business. Nor can he devise a means of efficiently costing aspects of its operation. The occasional costing of certain task cycles may be necessary to determine the best way to do something, or it may be critical to pricing, as in food preparation for instance. Since we have this marvelous invention called a computer, we can make it work for us if we build sufficient flexibility into an overall system of accounts. We can allow for a further breakdown of subsidiary accounts for the control and use of other operating departments.”

“Then these financial activities essential to hotel operation would interface with corresponding activities in the Financial Department? For example it seems obvious that a budgeting activity, associated with the hotel, must interface with the budgeting activity of the Finance Depart-
ment. Likewise an accounting activity. Would this be true also of finance policy, and the system of accounts?”

“In general it would work this way, yes. However, the last two activities that you mention, although important to the operation of the hotel, may each be performed by one or two persons, and perhaps not full time.”

“A part time activity? I thought it was a general rule that no employee could be delegated work in more than one of the six regions of activity.”

“This is the first structural constraint, yes. Only at the functional level of work may one man sometimes wear two hats, so long as he reports independently to the appropriate supervisor under whom the functional activity naturally falls. The point is that it is essential to maintain perception into the three dimensions at all levels in the organization. But yes, each activity would interface with a corresponding activity in the Finance Department, and the other departments as well for that matter. It is important to recognize that this interface provides a common basis for communication between equals. Each has their separate delegated area of responsibility and authority, with a mutual focus in common. One is not in a dominant position over the other.”

The waitress brings the food, also chopsticks and spoons. “What would you like to drink?” she asks.

“Water with ice. It’s a hot evening,” replies your Personal Officer. The waitress gives him a warm smile, and straightens her dress.

“I’ll have the same,” you say pleasantly. She ignores you and leaves. A moment later she returns with two bottles of water and an ice bucket, with another warm smile for your personnel man. He is a good looking chap of thirty-seven. He doesn’t take special notice of her attention.

“If there are corresponding activities within each major department that interface in this way, then there must also be a personnel activity reporting to the VP of the new complex. Is that correct?” he asks.

“Yes. There will have to be a Personnel Officer working at a senior functional level, much like the job that you are doing now.”

“You mean he will screen new employees, keep employee records, mediate disputes, keep track of salary reviews, that sort of thing?”

“Essentially yes. At the functional level.”

“Then this new Personnel Officer in this new division will interface with me?”
“No. He will interface with someone that works for you. You are due for a promotion. In fact you are due for two promotions at once.”

“Two?” He lays his chop sticks across the edge of the bowl and looks at you. He is both surprised and puzzled. He takes a sip of water.

You have already decided. You have worked closely with this man for ten years. You know him well. He has the kind of human sensibilities that you feel are so important in personnel work. People like him. He is also highly intelligent and honest. His personal integrity is above reproach. You finish your bami heng before answering. “You are going to be Personnel VP. If you want the job that is. And I hope that you do. I don’t know where else I would turn.”

“You are offering me a promotion from a functional level job, all the way to an administrative level job, skipping the supervisory level in the middle? Why?”

You are surprised by such a direct question. You look at him for a moment and smile. “You needn’t think it is a personal favor. The organization is making a giant leap. In better circumstances, perhaps I could retain the administrative level of Personnel undelegated, but in our current situation great demands are being placed on my time and I cannot devote the attention it deserves. These special circumstances demand a Personnel VP. You will have your work cut out for you, and I don’t know of anyone better suited for the job.”

He pores another glass of water, takes a long drink, and puts the glass down. He suddenly seems full of apprehensions. “I am not sure I will know what to do,” he says. “You might be better advised to advertise for someone with more experience.”

“What good is more experience if it is of the wrong kind. We are heading into some virgin territory. We have new concepts to guide us toward a more responsive organization. We may make a few mistakes initially, but the structure of the organization will be such as to bring them to the fore. Mistakes are not irreversible in a responsible organization.”

“You seem very clear on these concepts. You have obviously given the matter a lot of thought. But as I sit here thinking about it, I cannot readily identify the six activities of the company’s Personnel activity. The mainstream activity seems clear enough. I assume that it corresponds to the work that I do now. But I only have one assistant and a clerk/secretary at present.”
“The first thing that you must do is hire someone to replace you. Perhaps you can promote your assistant and hire a few to replace him. But the nature of the mainstream activity will also change.”
“Change how?”
“We will have to formalize the organization structure and this may lead to an employee union for example. Then we would be into union negotiations, grievance procedures and so on. It would be desirable to avoid an outside union if we can. The best way to do this might be to formalize a grievance procedure as soon as possible. Then there is the matter of the new community development. This task alone will employ someone reasonably senior and experienced full time.” (It will be helpful to refer to Chapter 19, Chart 8, for an overview of the Personnel Department.)
“But won’t the new housing program come under the jurisdiction of the new Operations VP. After all, most of the people living there will work for him.”
“Is that a good reason to have their housing come under his influence as well? Should I, as President, not have independent feedback from so vital a function as the administration of employee housing? Can I afford to lose all prerogative of decision over so important a matter and establish another employee with an isolated empire in my stead? And not everyone living there will be in his employ. I hope to have an apartment there myself. So might you, and other key members of the parent organization. Our head offices will be moved to the new office building as soon as it is completed.”
“I see what you mean. Yes, one must be very, very careful to avoid structural problems. Doesn’t that require that the problem of structuring the organization must be carefully analyzed by someone assigned to this task? Shouldn’t that also be a personnel activity?”
“Absolutely. That activity corresponds to the personnel activity within the Personnel Department. The complexity of our organization will warrant independent delegation of this function under your administration and initially under your supervision.”
“Let me see if I have this clear then. There is a polar relationship between the mainstream activity of maintaining a complement of competent, experienced staff, and the structuring activity. One might call the former a personnel support activity, and the latter an organizational analysis activity.”
“Support is a good way to think of the mainstream activity. In screening candidates for a particular job, you do not normally make the final decision yourself. You may make recommendations, or offer several choices. You may even have a power of veto. But the final choice normally rests with the person to whom the candidate will report, together with the next superior up the line. Then of course there are the other associated functions to do with support, including housing in the new complex. On the other hand, the organizational analysis activity also includes the writing of clear and concise job descriptions for every job in the company. In a large organization it is necessary to formalize job descriptions consistent with the organization structure. The structure facilitates this greatly, and once people understand how it works, every job is clear in relation to the whole organization. There may even be two organization structures, one actual at present, and a model structure toward which the organization should move as opportunities present themselves. But whatever the case, the complement of personnel must be maintained in polar relation to the organization structure.”

“So this polarity provides insight into the commitment dimension of the Personnel Department?”

“That is correct.”

“If we move on to consider the potential dimension of the Personnel Department, there should be an idea or product development activity with a financial activity as a polar partner.”

“Yes.”

“It seems to me that the personnel analog of product development would be human development. This must indicate a training responsibility. We need to create and sponsor training programs to facilitate personnel development. This should improve the competence of our people and also help us to meet the staffing needs of our organization from within.”

“Very good. Will this training entail the indoctrination of company ideals?”

“What do you mean by company ideals?”

You adjust your glasses as you prepare to put on a good performance. “Indoctrination. You know. Efforts to get everyone thinking alike, on the same team, and all that good stuff. You know what they taught in your psychology courses in business school. People must adapt. They must accept a certain mind set to fit in, to get along and be successful. This is necessary to make any project a success. It must be a cooperative effort. We need to mold people, make stereotypes of them.”
He sits back and looks at you. He is troubled. “I am surprised to hear that coming from you. I thought that you were the champion of creative thinking. What good is a cooperative effort without creative input? Does cooperation require mindless conformance? Are you putting me on?”

“Me?” You give him your innocent act. “Surely we can’t have a bunch of cowboy individualists going off in all directions doing their own thing like macho Rambo. You must know that.”

He rubs his chin thoughtfully. “There are usually sufficient social pressures implicit in any group to coerce acceptable standards of behavior, without introducing brainwashing. How can anyone be creative if we brainwash them? The success of an endeavor depends on independent contributions to the whole. I thought that was what we were discussing, how to structure an organization so that each person can make a responsible contribution without being manipulated against their better judgment.”

You sit back relieved. “I am happy that we agree on that point.”

He is obviously relieved also. “You are an old fox,” he says. “It is good to hear you confirm that. You had me worried.” He chuckles.

“Why should it cause you to worry?” you add, not yet ready to drop it.

He is serious again. He squirms a bit on his rickety chair as he collects his thoughts. “Why should I act as an instrument to mold people into a behavioral straightjacket? The whole purpose of my job, as I see it, is to facilitate the creative potential inherent in people through the organization. This is especially important in Thai society where people are prone to accept authority in silence, against their own judgment. Intelligent input and feedback is too often thwarted by cultural taboos.”

“Then you are convinced that training should be directed toward making people think independently and creatively in the organizational context in which they find themselves?”

“Yes, I believe so.”

“Then our job is to ensure that the organizational context relates to itself in a constructive way. We need the right structure. We need the right people in the right slots in the structure. Then we can constructively encourage the creative potential of people without straining the organization at its seams. The need for political and bureaucratic coercion falls away. There is no place for it in the structure. The whole organization becomes transparent, such that each can independently see their part
in relation to the whole. Everyone can see how all of the departments interface through the six activities, and how insight into the three dimensions of the whole company is dependent upon this.”

“These new organizational concepts are making more sense all the time. I am getting a new feel for them. Quite frankly I am impressed. I am also amazed that no one has explored and applied these ideas before?”

You signal for the waitress. “Nong!” You order some chicken with cashew nuts, some steamed rice and a pot of tea. All the talk is making you hungry.

She nods and turns to your personnel man with another warm smile.

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She nods and turns to your personnel man with another warm smile.

“Would you care for anything, Sir?”

“Fried squid with garlic and pepper. Some rice also.” He returns her smile and she rushes off with a blush.

“Let’s get back to the potential dimension of the Personnel Department,” he says. “What is the polar partner to training? You have mentioned that it has a financial character. What is it exactly?”

“It must have to do with employee benefits.”

“You mean salaries?”

“Partly. We must devise equitable pay scales, taking into account the level of training, experience, skill and hardship involved in each job, the availability of the skills in the employment marketplace, and so on.”

“So then the level of training, in the broadest sense, has a polar relationship to the level of financial remuneration?”

“This seems to be the case, at least in ideal circumstances. But then there are other considerations. For instance there are natural talents that may still require training, but which no degree of training could emulate in a person lacking the talent. We can’t all be Einsteins or Mozarts. There may also be inherent risks or hardships in a job that should command extra compensation, steel workers on tall buildings for example. Then there is the level of responsibility to consider. If a maintenance worker spills paint on the floor it may ruin a carpet, but if you make a serious mistake in structuring the organization, it may ruin the whole company. All of these things are reflected in the level of financial compensation.”

“Then let’s substitute the word competence for training, since training is undertaken to improve the degree and level of competence in a fully human sense. We need people who are capable of being fully responsible in their jobs. There is a limited extent to which we may be able
to enhance this. To this extent then, this activity of human development has a polar relation to the degree of financial responsibility attached, both on the part of the company with respect to the employee and vice versa."

"Then the company’s financial responsibility to the employee might include such things as health benefits and a pension scheme?" It was a nudge to get action on the report he had submitted previously. It had been sidetracked with the purchase of the new complex.

"Of course. The financial activity of personnel includes establishing pay scales that reflect degrees of competence at levels of responsibility peculiar to each department. This requires the costing and budgeting for periodic increases together with health and pension benefits. Added to this is the expense of training, both in direct costs and lost time. This must likewise be budgeted for in the light of current employee effectiveness and our organizational needs. For example we can’t afford to send everyone back to university for an MBA, and we don’t need to. More effective employees will in turn lead to higher levels of financial compensation for them, for they can command more in the employment marketplace. They may leave us if we can’t give them work commensurate with their abilities. There is a practical limit to which we can entertain human development, a sensible balance which we must try to achieve."

"Maybe human development is not the best wording."

"I agree that development in this somewhat limited sense relates more to job skills than to a person’s humanity. But I would rather have the inadequacies of wording fall short on this side than to imply a focus that denies a human aspect to development."

"A good point. So this balance depends upon insight into the potential dimension of the Personnel Department. Doesn’t this relate to the commitment dimension of the company as a whole?"

You consider the point over a sip of water. "There is a special connection here because of the polar relationship between the Personnel Department and the mainstream activity of the whole company. The company will have two mainstream activities in future, one being the Construction Department in our land development division, the other being the Operating Department of the new rental complex. These two divisions will function independently, and in parallel, with respect to the other five main departments of the whole company."
“And what about your ideas on the equitable distribution of profits between stockholder customer and employee. How will this be translated into employee benefits?”

“This is another question for you to consider. There are a number of ways it can be done. For example it could take the form of a quarterly or annual bonus, much like a dividend to a stockholder, reflecting the company’s performance. It could also take the form of an employee savings or investment plan. For instance part or all of the bonus could be given as company stock. This might help to sustain a healthy level of employee commitment. There may be a downside to this that you should investigate.”

The waitress brings your orders. You begin nibbling at the chicken and cashews.

“The third dimension of the Personnel Department has me puzzled. What are the two polar activities that provide an insight into the performance dimension? They should be the analog of sales and marketing, but I can’t see where either of these has a place in personnel work.” He adds some nam prik and nam pla to the squid and offers you some. You mix a few pieces with your rice while he takes some chicken and cashews.

“Do you think that our company image in the eye of the public is important to our continued success?” you ask.

“Of course it is. But isn’t this achieved through regular sales promotion, especially advertising in the mass media?”

“People are inundated daily with media messages extolling the virtues of an endless number of companies and their products. Do you think people believe all of this?”

“Not if they think about it. It is a kind of brainwashing, I suppose. But if they are repeatedly exposed to the company name and its products, they may remember when they go to make a purchase. There is a sort of company image that they retain. Publicity implies success which in turn implies that the company and its products have merit.”

“I won’t deny the value of good advertising. But there is another kind of advertising that is not dependent on the company blowing its own horn.”

He frowns at you. “What kind of advertising doesn’t blow one’s own horn?”

“Rumors. Reputation earned through constructive deeds and independently reported by the media as well as by those who are directly involved.”
“Do you mean through a charity foundation of some kind?”

“That may be one aspect of the broader area of human relations. The company should be recognized as a good corporate citizen through some program of community and national service. This begins at home through encouraging and supporting company gatherings, family events, interdepartmental sports and recreational activities, a newsletter, that sort of thing. It extends to supporting community service, education, and social events on a much broader scale. As you suggest, it could extend to establishing a permanent charitable foundation.”

He nods attentively. “I understand. I can see that this kind of activity will clearly establish a good corporate image in the public conscience. In this respect one can say that it is a kind of personnel related sales activity, even though the programs need not be undertaken or exploited for the ulterior motive of actually promoting sales. In fact, to actively exploit these social gestures for profit would detract from their merit and degrade our image in the public eye. What then is the polar partner? What is the marketing analog of personnel?”

“Before we can implement an action, we must first explore what it’s nature should be. We must identify areas of social need consistent with our capacity to appropriately respond. For example, if we are going to make scholarships available to needy university undergraduates, we might better do this in hotel management, or civil engineering, professions that we know something about and have need of. We might also offer part time employment to these and other students that may one day become valuable employees. We need to keep informed about conditions in the job market, anticipate shortages, so that we may do our part to provide encouragement for young people to enter these trades and professions. Is this not a marketing activity?”

“Yes. That much seems clear.” He pores some tea. “But do we just undertake community work if it will benefit us in some way in the future? What about conditions in the hundreds of slums in Bangkok? What about the casualties of an economic system that discriminates against a major segment of the population?”

“We cannot single handedly solve all the social ills of humanity. But we can try to do our part. What the marketing activity of personnel can do is identify areas where we can make a contribution that is felt, and for which we may bear some responsibility.”

He looks a little surprised at your last statement. “In what way are we responsible for social problems?”
You finish your rice and have a sip of tea. “We are in the construction business, right? Scores of construction workers are killed every year in Bangkok due to lack of adequate safety measures. We can do our part to correct this. Through our Construction Association and the Engineering Profession we can help organize a disaster fund for families that become victims of construction accidents. We can provide statistics, educational information, and acceptable safety standards to the industry. We can pressure government to enact legislation and enforce it. We can also provide guidelines and standards for the temporary housing of construction workers, rather than expect them to live in the slum conditions that they have become all too accustomed to.”

“Isn’t this the professional responsibility of construction and design engineers through their associations?”

“All too often they concern themselves only with technical design and construction practices and ignore employee safety and welfare. The Personnel Department has a part to play here in instigating action through these associations. The point is that it takes some study and thought to identify these areas of social welfare where we can most effectively apply ourselves with the resources at our disposal. This process of study is a personnel marketing activity.”

“Isn’t all of this going to make for a rather top heavy organization? Aren’t we getting a little over extended?”

“I don’t see why. It doesn’t require a lot of people to do this kind of personnel marketing. One or two perceptive individuals working at the functional level, on an intermittent basis as needed, should be enough. Under your astute direction and supervision this should provide an effective focus for a personnel sales activity. The personnel sales activity will be to facilitate, to initiate, to organize, and to support the actions of others. This likewise will require few people. For example once an employee recreation, housing or safety committee is formed it should govern itself. Once scholarship funds are appropriated, it requires only periodic review to make awards and reassessments, and so on.”

“I am getting a better feel for what you are saying. Under the traditional concept of business, the personnel activity has generally been flavored with the stigma of behavioral control and manipulation for the ulterior motives of the company. There is a fresh breeze of freedom blowing here, contributions without coercive strings attached.”

“That’s what I feel we need at this time and place in the business realm. Business must take responsible initiative if we are to have a livab-
ble world in the future. Our global economic endeavors are already placing the planet at risk, not to mention our social environment. It is a matter of survival, both collective and individual. It is no longer in the best interests of business to proceed with the narrow business philosophy that has been so fervently nurtured in the past.”

“I have felt that way for a long time.” His eyes wander around the market area, focusing here and there on people coming and going amid the vendors busy about their tasks. “I never dreamed there was a practical way to translate mute feelings into constructive organized action. It seems clear to me now that there really is a performance dimension to personnel activity that gives a human face to a business organization. This will help us in our recruitment program as well.”

“Yes it will. An enhanced company image will place us in a favorable position in the job market. The kind of people that we want to attract as employees are the kind that want to feel right about the company they work for. This can’t be contrived. They want to feel that they are making a positive contribution to the world they live in through the job that they do. There is no better motivation for an employee. That is what any professional should aspire to. This alone can secure their professional independence, their place in the world, and their freedom as people.”

“All of this means great changes for the Personnel Department.”

“And we must move quickly.” You call for the check. “You must first firmly establish your mainstream activity. You need to replace yourself, initially with several new Personnel Officers to assist in recruitment and extend the system of employee records. Don’t worry about being overstaffed in this area at present, for jobs will later open up in the related activities. You will also need someone to begin organizational analysis and job descriptions immediately, and likewise someone to draft out an equitable system of pay scales and employee benefits. You will have to keep a fairly close reign on these people until they are thoroughly familiar with where we are going. The other personnel activities can follow behind.”

“So that means we will initially need to hire at least four or five well seasoned personnel officers.”

You think for a moment. “Plus whatever they may need in the way of functional assistance.” The bill comes to eighty baht. You give the waitress a one hundred baht bill and tell her to keep the change. She gives you a warm smile for the first time. She is rather attractive.
NOTES:

1. Keep in mind the basic triad of three polar relationships that provide insight into the three dimensions. The importance of the six activities constituting the three polar pairs cannot be emphasized enough. Refer back to Note 1 in Chapter 8.

2. The six activities that provide polar insight into the three dimensions of the Operations Department may be summarized as follows:

   - **Commitment Dimension:** The *Operations* activities have a polar relationship to the *Personnel* activity concerned with the organization, thus providing insight into the commitment dimension.
   - **Potential Dimension:** The *Maintenance* activity has a polar relationship to the *Finance* activity thus providing insight into the potential dimension of the department.
   - **Performance Dimension:** The local *Sales* activity has a polar relationship to the undelegated *Marketing* activity thus providing insight into the performance dimension of the department.

   Keep in mind that the three dimensions have a triadic, not a hierarchical relationship to one another. Each dimension relates to the other two. For an overview of the Operations Department see Chart 2, Chapter 13.

3. The six activities that provide polar insight into the three dimensions of the expanded new Personnel Department may be summarized as follows:

   - **Commitment Dimension:** The *Personnel* activity has a polar relationship to the *Organization Analysis* activity concerned with structuring the organization, thus providing insight into the commitment dimension.
   - **Potential Dimension:** The *Human Development* activity has a polar relationship to the *Staff Benefits* activity thus providing insight into the potential dimension of the department.
   - **Performance Dimension:** The local *Human Relations* activity has a polar relationship to the undelegated *Personnel Marketing* activity thus providing insight into the performance dimension of the department.
Keep in mind that the three dimensions have a triadic, not a hierarchical relationship to one another. Each dimension relates to the other two. For an overview of the Personnel Department see Chart 8, Chapter 19.
CHAPTER 10

QUESTIONS OF SHOPPING
– ORGANIZATIONAL NEEDS –

As you leave the little restaurant, you begin strolling slowly back through the congested aisles lined with stalls of clothing. You stop here and there to let knots of people squeeze by or to examine some goods.

Your personnel man picks up the conversation. “I assume that you will want to begin hiring some of the key people for the new hotel complex as soon as we can.”

“Yes. We already need a security staff in the final stages of construction, and a sales program to replace that of the former developer. We may be able to hire some of their people. The shopping center and some of the offices can be ready for occupancy by the end of the year. The hotel will take another six months after that. There will be hundreds of employees to select over this period.”

“It seems to me that we need to find an experienced Operations VP very soon, someone who has experience in managing a major hotel.”

“I agree. We need him to help us develop the organization, and to provide input on the finishing touches of the whole complex. It would be good if he had a following, a few key people that he has worked with or knows to be competent in the business.”

“What about the new Personnel Officer that will report to him? With all this hiring, don’t we need to select someone for this position right away?”

“Not immediately, but soon. At this stage we need to select key supervisory people for the new complex, especially for the hotel. The screening of people at this level will still fall mainly to you. The new Operations VP will want to have a say in the final selection of his key supervisory people, but so will I. At least I will want to be familiar with the candidates and discuss his selection with him before it becomes final. Although it is unlikely that I will attempt to influence his judgment,
I want to be familiar with his judgment, and I want to know these key people from the outset.”

“Will you want to be familiar with the candidates and selection of people that will in turn report to them? Will you want to know the group leaders and junior supervisors at the functional level? Will you want to know the Head Chef and the Room Service Supervisor?”

“Not at this level. I will get to know some of them in the course of time but their selection is not of concern to me. There will be many employees at the functional level.”

“So as a general rule you feel that supervisors and managers should be thoroughly familiar with employees two levels down.”

“Yes. That is why the Operations Personnel Officer is not essential just yet. Apart from a few security people, we don’t need to hire people at the functional level just yet.”

“Then this will be the Operations Department responsibility when the time comes, I take it.”

You stop for a moment to let some people jostle by. “So far as doing the actual hiring is concerned, yes. But you must provide guidance on the organization structure and job descriptions. These are primarily your responsibility down to the junior supervisory and functional levels, with input from Operations Department people. I also want to review the structure in detail before it is implemented. The Operations Department must properly interface with the other departments. I need to be completely reassured of that.”

“I understand. The six Operations Department activities must be properly delegated to interface with those of the other departments. This is something that cannot be independently structured by each department, then hope for the best. It is essential that it be done correctly so that you will have a balanced insight into the three dimensions of the whole company, just as each VP will have a balanced insight into his department.”

“It is also essential so that everyone in the company will see their part in relation to the whole. This brings up another vital aspect of the organization structure, since it should function responsibly at every level. If there is to be this spontaneous response to perceived need at every level in the organization, everyone must know where they fit in the scheme of things. Often a spontaneous response cannot be unilateral. Often it takes a cooperative effort from people in more than one department.”
“But when two or three departments are involved, doesn’t action require the approval of top management?”

“Let us suppose that the central air conditioning system for the hotel breaks down completely, for reasons that the maintenance technicians are unable to determine. It is scorching weather and the hotel is unbearably hot. Who should they turn to for assistance?”

“I suppose they should call in the professionals, whoever supplied the units.”

“Maybe the units were imported. Or maybe the fault is not with the units. Maybe it is with the power supply to them. Or maybe it is in the control instrumentation. Maybe it is in the circulation system. They cannot isolate the problem and fix it. Who do they turn to?”

“Is there any reason they can’t call the Engineering Department? They are the experts who designed it in the first place. Presumably they commissioned it before it was turned over to Operations.”

“In order to contact the Engineering Department, should they have to go through the chain of command? Should they have to get approval first from their supervisor, and he in turn from the Operations VP, and he in turn from the President, myself, who would then contact the Engineering VP, who would then instruct his Engineering Design supervisor to have one of his people look into the matter?”

“I should hope not. Even if everyone in the chain was waiting by the phone for such an emergency, it would be a waste of precious time. People would be vacating the hotel.”

“Of course. Informal and direct horizontal communication must be facilitated throughout the organization. A man should be able to get on the phone and call his counterpart in another department any time he needs help. He should know who to call and how the organization is intended to work. They should be familiar with one another on a mutually voluntary working basis.”

“Teamwork? That’s the buzzword in all the talk about re-engineering organizations.”

“But there is a difference here. No effort is necessary to organize special task forces or project teams to cut through bureaucracy and politics. Bureaucracy is structured out of the organization from the outset.”

“It would be nice to think so. What insurance is there that this is so?”

“Suppose it wasn’t so. Then a problem like the air conditioning failure would float to the surface for everyone to see. Customers would
leave the hotel. It would reflect in sales and show up in reports. It would be referred up the line, eventually to me, with everyone afraid, unwilling, or unable to make a responsible decision in the job they are expected to do.”

“In that case then, we are back to the commitment dimension of the organization. There is something wrong with either the structure or the staffing of the organization. This organizational problem needs to be identified and corrected, right?”

“That’s right. There is no way to build a separate bureaucracy to guard against embarrassing instances like this. The problems are themselves the check in the system, and attempts at bureaucratic control can only aggravate them. Problems like this indicate that the organization itself needs special attention. Perhaps a problem may only be a matter of learning from experience, and people will know what to do next time, but it may also reflect some deep seated chronic deficiency in the organization.”

It is getting crowded again and you stop by a stall selling blue jeans and tee shirts.

“Would you like something, Sir?” asks the proprietor.

Your companion has begun to feel the material. “How much?” Perse asks, holding up a pair of children’s jeans.

“Two hundred and fifty baht. Very good material.”

“And very expensive.”

“I can give a reduction. How many pair do you want?”

“That depends on the reduction you give. Can you sell them for one hundred and fifty?”

“Cannot. But if you buy two pair, I can sell them for two hundred.”

“For one eighty each, I will take three pair.”

“OK. Special price for you,” she smiles. “Do you want some Tee shirts? Children’s sizes only fifty baht.”

“Three Tee shirts too then.” He turns to you and asks “Why are prices in department stores two or three times? The same articles are made in sweat shops at slave labor rates.”

You feel the material. “Both the customer and the employees that make them are exploited, of course, to enrich corporations and their stockholders. There is not a proper balance in business organizations. That’s why there is an atmosphere of apprehension about the stability of the future.”
“Maybe I should pay this woman more than she is willing to settle for then.” He gives her two five hundred baht bills.

You sense that he is testing you. “Do you believe for a moment that she would pass a portion of her increased profits on to the impoverished souls that make the goods that she sells? Of course not. And the woman that owns this shop is already comparatively wealthy.”

“So what is the solution to this kind of imbalance then? This is a widespread problem.”

“You know that I am not a believer in a controlled economy. But I firmly believe that a fair degree of intelligent regulation is required in order to enhance a free market system, especially in developing countries. We need realistic and humane labor regulations enforced, governing minimum wages, maximum working hours, penalties against the exploitation of children, and so on. And there needs to be much closer scrutiny of monopolistic collusion in the marketplace with the intention of fleecing the customer, a practice that is often facilitated by political patronage in developing countries.”

“So then balance in a business organization has a political component also?”

“Of course. We must function within the law. And we have an obligation to lobby for just and practical laws, and to insist upon their impartial enforcement.”

Perse smiles as he poses his next question. “Isn’t this inviting bureaucracy, when we are doing our best to eliminate it within our own organization?”

“Is it bureaucracy? Or is it that governments deal in different issues than business corporations do? We must establish a system of equitable salaries together with good working conditions within our business organizations in order to operate effectively. Is this bureaucracy? Why shouldn’t governments regulate irresponsible organizations from exploiting workers with no bargaining power? Is it not the role of government to promote the quality of life for everyone? Should government not have an inspection function, just as we do to insure product quality?”

“There is a distinction to be made here. I can see that. But so often governments have a tendency to overstep the mark. They excel at paperwork and rubber stamps. They begin regulating everything that a business does. They invent unbridled bureaucratic controls that accomplish nothing except to smother the slightest spark of creative initiative.”
“I agree that regulation can and does run away with itself to no useful end. This kind of control only masks the culprits that usually find ways to circumvent it. For the rest of us, the injustice is compounded and insult is added to injury.”

The woman has placed his purchase in a plastic bag and returns his change. You move on slowly through the crowded isles, Perse in the lead. Before long he pauses at an open area with a spirit altar. He presses his palms together and wails to pay his respects. You follow suit, then he asks a question.

“Let us consider another kind of hypothetical problem in our new organization. Let us suppose that the rental complex maintenance people discover, after the complex is in operation for a year, that they don’t have enough storage space. They want to build a sizable new storeroom for spare parts and a workshop. The only site that presents itself is on the roof of one of the buildings, either atop the hotel or the office tower, or on the roof of the shopping mall. How would they go about this?”

“A good question.” You consider it for a moment. “They would have to begin with some kind of rough inventory of the operating and maintenance spares that they would need, together with an estimate of the total weight and volume involved, and the area they needed for a workshop. Then they would call upon the Engineering Design people to review their needs and the most suitable location.”

“You mean they wouldn’t have to go through channels to do this? They wouldn’t have to go through the whole chain of command?”

“That’s correct. The Maintenance Supervisor would simply contact the Engineering Design Supervisor and outline his needs. He in turn would assign the project to a design engineer.”

“You mean the two supervisors could initiate the project without any management approvals?”

“No one knows yet if the project is feasible or how much it will cost. The design engineer would have to check that the added load to the building could be adequately supported, and he would produce a preliminary design to the satisfaction of all concerned, together with a preliminary estimate for review and budgeting purposes. To take the matter this far is not a major engineering project.”

“So then the Maintenance Supervisor would add to this the cost of spare parts and workshop equipment and submit it to the Operations VP for approval?”
“That’s right. Dependent on established policy, cost, urgency and so on, the Operations VP may be able to give final approval and assign funds from a contingency allotment in the current budget. If it falls outside these guidelines, the project may have to come to me as President for approval, or if there is no urgency it may simply be included in the next year’s budget submissions. Whatever the case, once the project and its budget is approved by management, the final design work can proceed, a construction schedule agreed, together with the ordering of spare parts for delivery upon completion of the project. When the engineers complete the design and specifications, they submit the package to the construction people who proceed with the work as scheduled, with appropriate engineering inspection. Once construction is completed, delivery and storage of spare parts can be completed.”

“And apart from a single management approval to proceed with the project, everything else can be worked out directly at the supervisory level between the various departments involved?”

“Yes, through the manner in which the various departments interface through the respective branches of the six activities. That is what supervisory work is concerned with—the commitment of resources for a specified result.”

“So there is no need to establish project teams to short circuit bureaucracy?”

“No. That’s the point. There is no need for all this talk of re-engineering with this in mind. Bureaucratic red tape is preempted by the nature of the organization structure.”

“While we are on the subject of the design and construction of new facilities, will our current design and construction departments be involved in the completion of the new complex?”

“Would you like a coffee?”

“Sure.”

“Let’s go back to the lobby lounge. We can sit and talk it over more comfortably there.”

You make your way through the remaining aisles and cross the street into the hotel. There is a large lobby with comfortable leather arm chairs. You sink into one next to your new Personnel VP. You consider it a productive day. He is rapidly acquiring a good grasp of what you have in mind for the company. And you have become more familiar and comfortable with one another. He is more than an employee. He is a friend you can rely upon. A waitress comes and you both order coffee.
“There are still a few details to work out in the purchase agreement,” you begin, in response to his question. “This entails contractual matters with the architects, the engineering firm, and the building contractor. If this goes as I hope it will, the current contracts will be phased out with the completion of the exterior shell of the buildings and the primary utilities. All the contractors have lost money on the job because of delays, and they seem anxious to get out with a reasonable settlement.”

“So our own people will take over from there?”

“They are already reviewing the interior design, the specifications, the contract agreements and so on. Some modifications are inevitable, although hopefully they will not be too extensive. We should be ready to call for new construction bids on the completion of the office tower and shopping mall within a matter of weeks. The completion of the hotel is more complex because of the interior appurtenances. It will take a little longer. In any case I prefer to go this way. It will allow us to tighten up the contractual agreements and specifications, and it will allow us to have direct inspection over the work to insure that we get what we pay for.”

“It seems to me that this makes it all the more urgent to hire key people for the hotel, especially the Operations VP.”

“We need his input as soon as possible. If you have any connections in this area, get some feelers out right away. And prepare large newspaper advertisements both in English and in Thai. The day we sign the purchase agreement, begin advertising in the major newspapers, in Thai Rath, Bangkok Post, The Nation.”

“Can we identify the other key people that we will need in the Operations Department? We have talked a lot about the maintenance activity. I assume that maintaining the premises in a state of renewal is a Product Development activity and that we will need a Maintenance Supervisor. This person should probably be responsible for maintaining the whole complex including the hotel, the office tower and the mall, since the utilities are interconnected. But what about the mainstream activity, the operation of these facilities? Will this also fall under a single manager?”

“Perhaps it could, without technically violating any structural principles. In this case, however, I think it is best to have a Hotel Manager, distinct from a Lease Manager responsible for operating the mall and office tower. A hotel is a distinctive kind of operation.”
“So these two Operations Managers will both report to the Operations VP and will relate independently to the Maintenance Manager and the other four activities?”

“That’s right. For example the finance activity can readily cope with both operations because the system of accounts, as prescribed by the Finance Department, reflects the organization of the whole company. And the Personnel Officer can readily screen new employees at the functional level, maintain employee records and so on for both operations. The organization structure and job descriptions, pay scales, health benefits and so on, will be monitored by your department to ensure consistency for the whole company.”

“That takes care of the commitment and potential dimensions of the Operations Department. What about the performance dimension? Will there be a Sales Manager responsible to the Operations VP who will interface with a Sales Department for the whole company? Will the current Sales Manager become the new Sales VP?”

You pause for a moment to carefully word your response. “I have to give the matter more thought. But I feel that we do need a new Sales VP who can reach international markets, both for the hotel and rental complex, and also for our property development projects. I feel it should be an outsider. We will become a mature four level organization. We will have many foreign clients, especially from Hong Kong, Taiwan, Singapore, Japan and Europe. We should not wait for them to seek us out. We must take our business to them.”

He pauses to study you. A question is turning over in his mind. He is about to give it voice, when he changes his mind. You can see it by a break in his concentration. Then he pursues another line of question. Is he afraid to speak his mind? “By a mature four level organization, I take it that you mean there is delegation at the functional level, at the supervisory level, and at the administrative level. Then the fourth level consists of only you, as President and Managing Director of the whole organization? There is only one Chief Executive Officer.”

His circuitous line of thinking is beginning to turn in your mind also. His future rests in your hands. He knows that. Has he allowed this simple fact to compromise him? Has he dropped the other question only to confirm the supremacy of your position in the company? The unspoken question has raised questions of your own.
“That’s right,” you reply. “And the four levels will be most developed in the mainstream activity of the company as it relates to the new acquisition.”

“What about the sales activity within the Operations Department then? What will that task be?” He is hedging back around to it.

“First we must consider what the leasing business has to sell. There is a somewhat different focus between the hotel, and the office, or the mall, and yet there are similarities. For example the mainstream activity of the hotel focuses on much more personalized service and rapid turnover of clientele. There is a sales flavor to every activity in the hotel business, in the hope that every customer will come back again. This is different to the long term leasing of office and shopping mall space that will be utilized to carry on an independent business.”

“I can see that. From the moment you pass the doorman of any good hotel, until you depart, people are smiling and being helpful. Are all of these employees, that are exposed to the traveler, in the sales activity of the hotel operation then?”

“Not in the technical sense of the word, although they are certainly selling the hotel through the quality of their service. The point is that there is an additional level in the operation of the hotel that itself utilizes the serviced space provided for a specific enterprise within it. This functional level is not as developed in the mainstream operation of the office tower and mall. For example, the mainstream activity of the office and mall is largely routine maintenance and operation, as distinct from major maintenance. It consists of such things as the cleaning of windows and common areas, garbage and waste disposal, water supply, central air conditioning, verifying water and electrical bills, and other subsidiary services to tenants. All of these things are required for the operation of the hotel also, but the subsidiary services take on major proportions, everything from bell hops and maids to restaurants and cocktail lounges.”

“What about the hotel sales activity then? Would this be reception, check in and check out, cashier, and so forth?”

“Yes, but there are other aspects to it also, local and in-house advertising for example. This might include a brochure describing hotel services for the benefit of hotel guests, hotel notices and bill boards, newspaper, radio and TV advertising of special promotions, such as luncheon specials, holiday events, conventions and the like. Then there is the task of maintaining a high standard of trained sales staff, together with train-
ing all employees to put their best face forward. There are also the necessary activities of continually updating a sales policy, monitoring a pricing policy, forecasting sales, and sales planning with a local focus, although the latter two may not always be delegated. The Sales Manager may do these himself. These six activities themselves tend to polarize into three dimensions for the local sales role, yet they are essentially functional in character at this level.”

“I can see that. It is also apparent that these sales activities are required for the operation of the office tower and mall. They are just not as developed or detailed. The clients are long term, each with their own business to run. Yet the main sales activities of advertising and renting, maintaining trained staff, sales policy, pricing policy, forecasting, and planning still need to be done. But you seem to stress that there is a strictly local focus to this sales activity within the Operations Department.”

“That’s right.” You search Perse’s face for clues. Where is he going with this? Is he coming back to the unspoken question?

“But surely there are major hotels that function independently and also have an international focus. In fact they may be independent with respect to all of the six activities. They may have no parent organization.”

“Of course they can be organized this way. And we could also organize the hotel to operate as a separate company, but then most of these activities would have to be duplicated and I would lose an insight into the hotel operation. The Operations VP would become the Chief Executive Officer. We would lose the benefit of integrating an independent Design and Engineering Department, or a Construction Department, or a Personnel Department, all with capabilities that the hotel itself could never afford to maintain. Keep in mind that the office tower and mall also provides us with a captive market for the interior design, and decorating sections of our Design and Construction Departments respectively. Then there are the added benefits of an international Sales and Marketing focus that becomes available to us for our property development division, as well as for the hotel, office and mall. None of these operations could afford to independently maintain the same kind of international sales or marketing coverage.”

“Then you plan to establish a major international Sales Department under a Sales VP?”
“I plan to establish a Sales Department with national and international capabilities under a Sales VP, yes. But this should be done with relatively few well placed people. The sales group in the hotel and office complex will likely have more employees.”

“Does that mean that we will have permanent sales offices abroad?”
He is nibbling away at the silent question, as if he is setting you up, painting you into a corner. There are certain things you are not prepared to discuss with him just yet. He seems to sense this. “Not necessarily permanent offices of our own. It may prove more feasible to have established firms represent us, in those countries with sufficient business potential. The volume may warrant an office of our own in any given country, of course. In any case it will require frequent traveling by key sales people to maintain a productive sales activity in these countries.”

“What will happen to our existing sales organization then? Will it become integrated with our construction and development operation? Will the Construction Manager be promoted to Construction VP? Will he be responsible for six activities integrated with a property development focus completely independent from the operation of the hotel complex?”

Now he is getting warmer. He is going to squeeze you a little. “It could become organized this way, still maintaining insight into the three dimensions at all levels, if the size of our property development operation warrants it. But I see no need for that at the present time. At present we call our mainstream property development activity the Construction Department, although we are beginning to get into property management at the functional level with a few condo projects. We can live with that for now, and carry on as before in the property development sector of the business. Our current property development Sales Department essentially has a local and regional focus. It will simply become part of an enhanced Sales Department with a national and international focus.”

The coffee has been a long time in coming but it doesn’t matter. It gives you a moment or two to think. He is getting very close to the sensitive issue again. You add some cream to your cup and take a sip. Music has started in the mezzanine bar. Thai music. Soft and sweet.

“Then our existing property development company will continue to function pretty much as before, except that Finance, Personnel, and Sales will be elevated to administrative level status with responsibilities relating to the new complex.”

“That’s right.”
“Then the Construction and also the Design and Engineering Departments will both continue to operate as three level organizations with you at the helm retaining administrative control.”

“That’s right.” Is he backing away again? Maybe he is just blocking possible avenues of escape before he gets directly to it.

“And this doesn’t violate any structural principles in your mind?”

“No. I don’t see why it should, so long as I can handle the work load. The point is that independent insight into the three dimensions is still maintained at all levels. It might actually be easier for me if the property development section expanded to a full four level operation. This shouldn’t be rushed, however. We certainly have enough on our plate for the time being.”

“But why is it that the Finance Manager gets a promotion to a VP, whereas the Construction Manager and the Design and Engineering Manager do not? The latter two activities will also be involved in the completion of the new complex.”

“That’s just the point. The completion of the new complex will merely be another property development project for them, and once completed these departments will not have a continuous ongoing relationship in its daily operation. Finance, Sales, and Personnel will have a continuous daily relationship.”

“So there is essentially no expansion in the company’s operations so far as the Design and the Construction departments are concerned?”

“That’s right. Our property development division has not undergone a major expansion as a result of acquiring the new hotel complex.”

“There is still the new Marketing Department to consider. This new man is already hired and will be needing staff, presumably in his mainstream activity first. I assume that staffing needs in this new department will be small in terms of numbers, smaller even than the Personnel Department, but considerable in terms of professional expertise. It takes a great deal of professional experience to astutely assess trends and needs in international markets in the light of the company’s capabilities.”

If Perse is ever going to come back to your problem area, he is taking a long way around. “That’s correct. Just a couple of very good brains with a wealth of experience, will be backed up by reliable data gathering and careful analysis.”

“Why do you want to keep our long standing acquisitions man separate from this new department, if his job of finding strategically located property at the right price is really part of a marketing function?”
“Because he is a long standing friend that I don’t want to lose professional contact with. The new Marketing Manager cannot possibly appreciate his abilities the way I do. Although his job requires a great deal of experience and many contacts, it is essentially functional in character and relates primarily to our property development section. I am violating no structural principles in retaining property acquisitions separate from the Marketing Department until he retires. By then the new Marketing Manager will have his feet wet. There is considerable flexibility within the two structural constraints.”

“I understand. And yet you don’t want to continue on a similar basis with the existing Sales Manager? You want to hire a new Sales VP at the administrative level above him? The existing Sales Manager will no longer report to you.”

Aha! Now the worm has turned. Now he has his defenses in place and he going to put the issue to you.

“The circumstances are different,” you protest. “And the Sales Manager is not due for retirement in a few years.”

“Couldn’t the Sales Department of the property development section operate separately, just as you intend for the Design and Construction Departments?”

“That is possible, but then we would lose the advantage of a national and international focus to sales as it relates to property development.”

He is not going to be so easily misled. “Cannot a regional focus to sales be delegated independently from a national and international focus? Are any structural principles violated in doing it this way?”

You shift in the large comfortable chair. You take another swallow of coffee. This newly promoted Personnel VP has begun pushing you pretty hard. He has given you good reason to justify your position. You consider the question for a moment, and you chose you wording carefully.

“Perhaps it could be done this way,” you say cautiously. You see structural difficulties with divorcing an integrated sales department at the administrative level from regional sales at the supervisory level, but you do not express them. “I suppose that if our property development division does expand to a four level operation with administrative delegation under a new VP, then there will be sales delegation at the supervisory level under that new VP.”

“And that sales activity will have a regional focus, just as it does at present. Correct?”
You look at him closely. Is he being cocky? No. You can’t find such a lame excuse to avoid a perfectly valid question, even if he was being cocky. He has you cornered. Clever. You sure picked the right man for the job. You reach for your wallet to pay the bill.

“As I said, perhaps it could be done this way. There may be sufficient flexibility in the two structural constraints to permit it and still maintain insight into the three dimensions at all levels. It is just that in our case I feel that this is not the best way to handle it.”

“Is it because of the individual involved?” He looks you directly in the eye. “Is it because Sal is a difficult man? Is it because you don’t like the Sales Manager?”

You look at your watch. You add a yawn. “Don’t you think we have had enough talk for one day? I am pleased that you seem to be getting such a good grasp of your new job so quickly. I think that you already know where to go from here, and some of these other questions will work themselves out in due time.” You stand up and have a stretch.

With youth on his side he rises more easily. “I want to thank you, Sir. Today has been one of the most interesting days in my business career.”

“As dramatic as that?”

“Maybe dramatic is not the right word. For the first time I can see that my job is more than just a job.”

NOTES:

1 Keep in mind the basic triad of three polar relationships that provide insight into the three dimensions. Compare the diagram in Chapter 8, Note 1, with Figure 21-1 to see the correspondence to nervous system organization.

Note again that each polar pair provides insight into one of the three dimensions. The Organization ↔ Production polar pair provides insight into the Commitment dimension. The Finance ↔ Development polar pair provides insight into the Potential dimension. The Sales ↔ Marketing polar pair provides insight into the Performance dimension. The six activities, as three polar pairs, must find mutual balance and have no hierarchical relationship one to another. Each of the six activities represents a company department that in turn has six analogous activities that may be delegated to various degrees.
With the acquisition of the new hotel complex there will be two Production activities in parallel—the Operation Department that concerns the operation of the new complex, and the Construction Department associated with property development.

2 The six activities that provide polar insight into the three dimensions of the Operations Department may be summarized as follows:

*Commitment Dimension*: The Operations activities have a polar relationship to the Personnel activity concerned with the organization structure, thus providing insight into the commitment dimension. But there are two independently organized Operations activities that are supervised in parallel by the Hotel Manager, and by the Lease Manager. Each of these two parallel activities has an independent polar relationship to the Personnel activity, making for two parallel *Commitment Dimensions* that must independently find balance with the other two dimensions.

*Potential Dimension*: The Maintenance activity has a polar relationship to the Finance activity thus providing insight into the potential dimension of the department.

*Performance Dimension*: The local Sales activity has a polar relationship to the undelegated Marketing activity thus providing insight into the performance dimension of the department.

Keep in mind that the three dimensions have a triadic, not a hierarchical relationship to one another. The Operations VP strives to integrate them in a balanced way, while he himself operates as one of two parallel Production type activities, the other one headed by the Construction Manager. The polar Operations Department relationship to the Personnel Department for the whole company thus provides one parallel insight into the company’s *Commitment Dimension*, the other being provided by the polar relationship of the Construction Department to the Personnel Department. For an overview of the Operations Department see Chart 2, Chapter 13.
CHAPTER 11

PACKAGING A PRODUCT

You have just entered a swank private club in Chonburi province with your Sales Manager. A hostess greets him warmly, by name. He reminds her of his reservation in the Sabai Room. Sabai is a word that can mean various things in the Thai language: pleasure, comfort, contentment, satisfaction—all rolled into one, and more on occasion.

Several days have passed since your discussions about organization structure with your newly appointed Finance VP and Personnel VP. Although you haven’t yet had an opportunity to make official announcements about these appointments, the news has obviously leaked. Perhaps you intended the leak. There was nothing secret. The news is also out that an agreement to purchase the new complex has been finalized and officially signed. There is no turning back now.

You remove your shoes and proceed past a large richly appointed dining area with traditional musicians and dancers. As you enter the Sabai Room beyond, the lighting becomes very dim. There is a jungle waterfall in the center of the room. Tiny bulbs are set in a high ceiling like stars, their intensity changing in twinkling patterns. Another hostess greets your Sales Manager by name. She escorts you to a private compartment with low seating, upholstered in silk. Large silk cushions are placed around the perimeter. A candle is guttering beside a floral arrangement on a low teak table. A dim Chinese lantern is suspended from a drop ceiling above. As you sit down on opposite sides of the table, the hostess retreats with a graceful wai, drawing the screen closed behind her. Very cozy.

Your Sales Manager insisted upon bringing you here. You are beginning to wonder what kind of seduction he has in mind. Your first inclination was to decline the invitation, but you have learned that sometimes these situations can be very instructive, if you give those that contrive them sufficient leeway.
“Nice place,’ you say. “Very private.”
He chuckles, his eyes gleaming. “Very nice. And the service is sa-bai, sabai. Have you been here before?”
“My first encounter. But you seem to be well known by all.”
He shrugs. “It is one of the obligations of my job.”
You are about to say something when the screen opens and two very beautiful young women in kimonos enter. They wai graciously and kneel at the end of the table. You raise your eyebrows. What is this? A geisha house Thai style?
Your Sales Manager is watching you closely and grinning. “This is Khun Lek and Khun Tuk, Sir. They are our personal hostesses for the evening.”
“You reserved them specially?”
“Of course, Sir. They are not only attractive, they are very cul-
tured.”
“I can see that.” Tuk is smiling alluringly at you.
“Lek is making eyes at Sal and giggling a little. He is giving her signals to cool it a bit. They are obviously well acquainted.
Tuk leans forward toward you. The offered glimpse down the loose front of her kimono confirms that she is well endowed. “Would you care for some liquid refreshment, Sir?”
You shift a little uncomfortably. Is this young beauty unnerving you? You are old enough to be her father with a decade to spare. Or is it the compromising nature of the circumstances? Just what exactly does Sal have in mind?
Lek interjects. “We have the best imported wines, Sir. And also a full range of cocktails.”
“Would you like to see a menu, Sir?” Tuk leans forward again, smiling, exposing another glimpse of her wares. Your blood quickens a beat. You wonder what your wife would say if she could see you now. After so many years together she would probably laugh.
“Perhaps some wine. Red. Beaujolais would be fine.”
“Nonsense, Sir.” Sal laughs with a wave of his hand. “This is a special occasion. We must christen the new acquisition. Champagne. A magnum of Mums. And bring glasses for yourselves. Also an aperitif. Shrimp cocktails.”
You are still aware of the kimono poised perilously in front of you. Then Tuk rises as easily as a leaf on the breeze and disappears through the screen with Lek.
“Very nice young ladies, Sir. And the food here is heavenly.”

Your Sales Manager is making efforts at being especially obsequious tonight, but is not quite succeeding. He has deliberately contrived these circumstances with some motive in mind. You know that. He knows that you know that.

“Why have you brought me here?” you ask pointedly. You are depending on the direct approach to maintain some semblance of propriety.

He smiles. “I thought you might enjoy a relaxing evening, Sir. You have been working very hard on the new acquisition. You deserve a night out.” He is trying to make it appear as a gratuitous gesture. He knows there has been a lot of tension for you over the past few weeks. You may be vulnerable. “I have heard that the agreement to purchase is finalized at last. Is that correct, Sir?” he asks.

“Yes. Everything is in order to proceed now. In fact the wheels have already begun to turn,”

“Which wheels are those, Sir?”

“We have begun to reassess the design, to the extent that we may still have an opportunity to modify the final stages of construction to suit our needs. And the Construction Department has already assembled an inspection group on site to insure quality control, safety and security.”

“I heard that Des and Con were down to Bangkok for a few negotiation sessions. Quite frankly I expected to be called into the matter myself.”

He is trying a dash of the direct approach too. Clever. He gets you into a compromising situation, then he probes for faults. Perhaps you could have kept him better informed. But there were more urgent things on your mind, and you knew the grapevine was working overtime.

“Sales has not been a primary concern up until now,” you point out. “The priority issues have been the financial terms of the agreement, together with contractual matters relating to the design and construction of the complex with consultants and contractors.”

“Perse has also been involved. It seems that I have been the only one left out.”

“That’s correct. There are reasons for this. The organization will have to grow very quickly. It is imperative that our Personnel Department should mature quickly enough to respond to our organizational needs. A number of key people must be hired immediately, with hundreds to follow over the next eighteen months.”
“I understand that,” he says slowly, choosing his words. “There is also the matter of leasing the shopping mall and office space. From what I hear, these buildings will be ready for occupancy within a year. There has been an active sales program under way by the current developer. There are already lease options on some thirty to forty percent of the space.”

“Where are you getting your information?”

“Rumors abound. I am also sufficiently acquainted with the project to know.”

“You have done some investigation on your own?”

“I consider it an obligation to show a little initiative in my job, yes. I must keep informed of the market in my business. I must know what’s happening. Sales is very competitive these days.”

“And it has an associated marketing activity.” You are trying to steer the conversation in another direction. You are hoping that he will take the bait.

“I have wondered. Why have you hired a new Marketing Manager divorced from my department? Quite frankly I don’t quite understand your recent attitude toward my department, Sir.” He is being unusually direct for a change, but in a conciliatory manner.

“The new Marketing man was hired a few months ago. I thought I had explained my reasons then. This Marketing Department is not concerned with selling. It will employ only a few people to assess and analyze company interests in the national and international marketplace.” You are trying to get the conversation around to an organizational discussion.

“But a moment ago you said that Marketing is a Sales activity.”

“No. I said that Sales has a marketing activity. It is not the same thing.”

“It sounds the same to me. What difference does it make to turn the words around?”

“It is a matter of context. In the context of the whole company, Marketing is an activity independent from Sales. Within the context of Sales, the marketing activity has a different focus.”

“Different how?”

“The Marketing Department concerns the direction of the whole company. The Sales Department marketing activity concerns the direction of the sales program. You need to focus a sales program in the most effective way, and to do this you need to assess the market demand, the
competition, costs and prevailing prices, together with short term trends which might affect the market during the sales life of a specific current project. It is not your job to focus on the identification and development of new projects to meet long term market needs and trends. This is the job of steering the future course of the company as a whole.”

Soft music has begun to play in your carrel. There are stereo speakers mounted high in the corners.

The screen opens. Tuk enters first with the magnum immersed in an ice bucket. Lek follows with a tray and menus. They have touched up their make-up. Very provocative. Your powers of restraint may be tested tonight.

Tuk wipes the bottle with a towel and holds it out for your inspection. “Will this be satisfactory, Sir?” She is a very gracious young lady.

“I am sure it will be fine.”

She proceeds to open the bottle and pour some in a glass for you to taste. She is very efficient. She leans forward again and extends the glass to you with a smile.

“It will be fine, I am sure.”

She fills the glass and sets it on the table in front of you. Then she fills the other glasses. Very cool. She casts a modest yet suggestive glance sideways as she kneels again, closer, by your knee. She is utterly feminine. And she is poised so that your eyes can hardly avoid the loose front of her kimono. Sal must have held auditions to find this one.

Meanwhile Lek has been leaning against Sal’s leg, massaging his calf slowly.

Sal lifts his glass. “To your health, Sir.”
Tuk and Lek follow suit. “To your health, Sir.”

“And to your’s,” you reply, as you lift your glass and take a sip.

No sooner have you set the glass down than Tuk offers you a delicious looking shrimp, already dipped and presented to your lips. It is done so gracefully that it would be boorish to refuse. Already she has you eating out of her hand.

Sal lifts his glass again. “To the success of the new acquisition.”
Tuk and Lek follow suit. “To the success of the new acquisition.”
You add your bit. “To the success of the new acquisition.”

Tuk looks up at you with the innocence of an angel, deliberately offering a better glimpse of her kimono front. “What is the new acquisition, Sir?”
You smile at her. It is impossible not to. “Our company has just purchased a hotel in Bangkok.”

Her eyes grow momentarily larger. She has captivating eyes. “Ah, that is a very large acquisition indeed. We must toast again.” She raises her glass. “To the success of the new acquisition.”

“To the success of the new acquisition.” You all have a chuckle.

She fills your glass again. Now it is Tuk’s turn. “To the success of the new acquisition.”

The bubbly is going down very smoothly. Nice warm glow already.

Tuk presents another shrimp to your lips. You take it gently. “You must be a very important man in the company,” she says demurely as she tops up your glass again.

“Why should you think so? Perhaps I am just an old fool.” An old fool to be sure. You are feeling younger by the moment.

“Never, Sir. You are a very discriminating man.” A coy smile wanders across her face with a slightly saucy tilt of her head. “And you have a very good heart.”

You feel a twinge in your groin. You try to think of your wife.

Sal interjects. “He is the President of the company.” He proposes another toast. “To the President.”

The girls raise their glasses. “To the President.”

Your Sales Manager is presenting a powerful case for his promotion. He has manipulative skills beyond your expectations.

“Are you not going to drink a toast to the President, Sir?” Tuk asks sweetly.

“It isn’t a proper thing to drink a toast to oneself.”

“Perhaps. But then perhaps it is not always a good thing to be too proper. What do you think?” She leans forward again, smiling, her breast brushing your hand.

You raise your glass. “To Tuk and Lek.”

Sal joins you. “To Tuk and Lek.”

“Why did you not toast Tuk and Lek?” you ask.

“You are wise. I also think it is not proper to toast oneself.”

Lek looks at Sal with a serious expression. “I thought that you were the manager at your company.

“Yes. I am the Sales Manager.” He turns to you curiously. “I assume that I am still the Sales Manager?” There is a touch of sarcasm in his voice.
“There is no change in your status in the company.” You say evenly.

“There are rumors that Fin and Perse received big promotions. Is that true?”

“That is true. I will announce it officially tomorrow at our weekly meeting. The following day a circular will be released announcing the purchase, and organizational changes that are under way.”

“How about Con and Des. Are they getting big promotions too?”

“No. Their status will remain the same. Their involvement in the completion of the new complex is to be regarded as just another development project.”

“I see. Then what is my involvement to be?”

You look at him squarely. “I am not sure that this is the best time and place to discuss this, Sal. Can it not wait until tomorrow?”

“If you wish. But surely there is no harm in some informal discussion between friends. Are there corporate secrets involved?”

“There are no secrets involved. I can try to outline what I have in mind if you want, but it is difficult to give you the complete picture in a few words. I hope that you will come to appreciate all of the factors involved over a period of time. Time is the one thing I have not had much of over the past few weeks. I have not even had time to talk to my wife, so please don’t feel that I am picking on you. I am sorry that you have been left out of the picture.”

“We have time now. Unless you are shy to speak in front of the girls. But they are surely harmless.”

Harmless indeed. It sounds like a challenge. Tuk puts her hand on your knee and smiles. A lovely smile. Suggestion moves subtly in her molten eyes.

“Very well then,” you say slowly. If you can’t match wits with your subordinates you don’t deserve to remain in your job. “The new acquisition obviously requires major alterations in our organization. The nature of the new operation is also significantly different from the property development business that we are used to.”

“Obviously.”

“These simple facts require the operational independence of the hotel complex within the larger structure of the organization as a whole. The clear resolution of the factors involved in this structural problem is the job of the Personnel Department in a company of our size. We are moving from a three level operation to a full four level operation in the
hotel complex. We have to do this in one quantum leap, and it will present a challenge to our Personnel Department. Likewise the Finance Department must integrate the financial requirements of the whole organization. In a four level company the scope of these departments broadens. Their direction requires delegation at the administrative level, concerned with sustaining the infrastructure of the organization itself. This is why Fin and Perse are being promoted to Vice Presidents. The promotions reflect their new administrative status. The hotel complex will also require an Operations VP at the administrative level.”

“So Con and Des don’t receive promotions because their departments will not grow to four level status. How about the new Marketing Department. Will Mark II be a VP too?”

“No. Although his job is a senior position in the company, in the organizational context his job will be at the supervisory level. His title will remain Marketing Manager. This means that the administrative level of marketing remains undelegated. I will continue to be responsible for the administrative direction of Marketing, which areas to concentrate on, what ideas to pursue for the company’s future, that kind of thing. I will thus be able to make decisions on the whole company’s direction based on much better information, encompassing international markets.”

“I see.” He takes a long sip from his glass, while he casually fondles Lek’s hair. “So that leaves only the Sales Department. And you say that my status in the company will not change. But there must be a need for an administrative level in sales as well. There must be a need for a Sales VP, is there not?”

Tuk has begun massaging the calf of your leg. Her fingers are magic. They seem to penetrate the muscles and pluck at your tendons. Now she has removed your socks and is working her fingers into the joints of your ankles and feet. Sabai, sabai. She tops up your glass again and hands it to you. You have lost count. You have a sip as she concentrates again on your feet. Lovely. You wonder idly if your wife would allow such a maid in the house. Not a chance. No wife would ever indulge a husband in such pleasures. You rouse from your reverie. Sal’s sly smile brings you back to the reality of your situation.

“Yes. There is a need for a Sales VP.” You straighten your shoulders and try to sharpen your wits. “The Sales Department must acquire a national and international focus in addition to the local and regional focus that we have been most accustomed to.”
“But we already have an international focus. I have been to Taiwan, Hong Kong and Japan to close deals. And I speak Chinese. I know these people, what they like. I know how to sell them.”

“As you know how to sell me? I have seen your expense accounts.” You smile. “The business world is changing. We need a more organized kind of international focus. We need to get our message to more people in a more professional way.” Those fingers kneading the soles of your feet are heavenly.

Sal looks at you guilefully. “With all due respect, Sir, human nature isn’t going to change.”

“What are you trying to suggest?” You give him a long, studied look. “Are you trying to say that a product can be sold without conveying its merits to the purchaser? Are you trying to say that people buy because of other considerations?”

“Of course they do,” he answers immediately. “A product isn’t sold on its practical merits. People are not only greedy, they are blind to their own greed while condemning it in others. In themselves they feel justified and consider themselves clever, as long as they are getting a piece of the action. They think they are entitled to special treatment. Everyone wants to be special.”

“Everyone?”

“Everyone.”

“So you sell by giving the customer special treatment?”

“Certainly. People are easily manipulated to buy, so long as they are made to believe there is something special in it for them. They will pay double to get something special.”

“So you believe that packaging sells products, not the product itself.” Tuk’s fingers are moving back up the calf of one leg. It is affecting your concentration.

“Certainly. You see my watch?” he says, holding out his wrist. “Do you think that I bought it because it is a good watch? No. I bought it because it is a Rolex. It is a symbol of wealth. And wealth is power. And power is success, the capacity to get what you want.”

“I see,” you say, admiring the diamonds glittering on the face of his watch. “But I wear a Seiko. Why didn’t I spend half a million baht on a Rolex? I can afford to better than you. But my watch didn’t cost a twentieth of yours and it keeps just as good time. Maybe you’re just not very astute at assessing price and value. This would be a very serious flaw for a Sales Manager to have.”
Sal sees the connection to his non-promotion, but he doesn’t bat an eye. “The flaw resides in the customer, Sir. The Rolex is only to impress the customer. It is one of the tools of my job.”

“But a moment ago you said that everyone wants to be special, that this alone is what motivates them. Are you now excluding yourself?”

“To the extent that I am able to see this trait clearly in others and exploit it to sell, yes. I said that people are blind to the flaw in themselves, but to be able to exploit it in others, that is the secret to selling. Besides, it is not to be considered a flaw. We cannot help what we are. It is the desire to have more and better things that drives our economy. It is this that improves our standard of living. This is the very basis of progress.”

“You are confusing concepts.”

“There is no confusion here. The world runs on emotion, not concepts. What do you mean?”

“Blind emotion is mindless. On the one hand you say that packaging with emotional appeal is the only thing that sells, that the practical merits of the product are irrelevant. On the other hand you say that this same blind process is the very basis of progress. How then are we able to find progress in products of irrelevant practical value?”

He pauses a moment, takes a sip of champagne. He sets the glass down slowly. “You are turning things around. Are you suggesting now that people are not emotionally driven? Are you suggesting that we are motivated by concepts? Do you really believe that people are governed by cold, logical reason?”

Tuk’s fingers have moved up to your thigh. You take her hand gently and try to set it aside. She begins to work at the fingers of your hand. Lek has filled the glasses again and has moved onto the seat beside Sal, snuggling up like a siamese kitten.

“I think we should order some food while I still have control of my senses,” you say. “It is a visceral, emotionally driven wish, of course, but the concept is appealing in so much as it will help to maintain my sobriety and quell the irrational cravings of my body. In my thus enhanced mental and emotional condition perhaps we can then continue the discussion, at your pleasure, of course.”

Sal laughs. You like the man well enough. You are just not going to entrust him with the job of directing a national and international sales effort. How can you trust him when he believes that sales policy should be geared to playing on the customer’s weaknesses in order to trick them
into a purchase. He will trick you too if he can. There is something less than honest about him. You couldn’t allow Fin to juggle the financial statement to attract investors. Nor would you let Perse devise training programs to manipulate employees in order to exploit them. Why should it be OK to dupe the customer?

At Sal’s insistence you agree to a selection from the menu fit for an orgy. Lek pushes a button near the screen and in no time a waitress arrives to accept the order. It is a very smooth operation.

Tuk holds the last shrimp to your lips then slides closer on the silk cushion beside you. She begins to work at your left arm. You have a touch of bursitis in your elbow and shoulder. Her magic fingers feel sublime. The music is flowing through you in bubbling rivulets, commingling with vague and wondrous fantasies. She works her fingers across your shoulders to the back of your neck. You close your eyes. Your cares evaporate like a mist from your tired body.

You know that Sal is playing on your physical weakness, taking advantage of the strain you have been under for weeks. It is your exhausted old body that might succumb. Somehow your body is the market he is trying to reach. The urges and pleasures that tease you under Tuk’s magic fingers are as old as mankind. Older. You begin to speculate. Is there a human analog to the three dimensions of a company. Surely there must be. The three dimensions concern the integration of experience, the whole of experience, any enterprise, every enterprise. In a business enterprise they simply become delegated as six distinct activities as the organization grows.

But if the human soma is the market, then the marketing activity must be experienced as a need. An emotional need, of course. And sales, as the polar partner, must represent emotional feedback to the mentation process. So perhaps Sal is right. We are emotionally driven creatures so far as the performance dimension goes. There is a kind of emotive balance achieved. The music, the champagne, the magic fingers, the taunting suggestion of more in Tuk’s molten eyes. These are the product in Sal’s little scheme.

But the product is an idea developed. He has engineered this setup. He has drawn on his personal resources to do it. A thousand and one nights of reverie. He obviously has broad experience in these matters. The potential dimension is the polar insight between the idea conceived and Sal’s considerable resources of memory. He has ample potential to fund such an enterprise. You must be careful not to underestimate him.
In order to give his scheme expression he must translate the potential inherent in the idea into an explicit technique. And the making of the product has a polar relationship to the organization structure. The organization is conveniently provided by the Sabai Room. It is tailor made for just such a purpose. The question of staffing is crucial, of course. He must select the right young lady.

You could not imagine a better choice than Tuk. Her fingers have wandered to your other shoulder, her arms around you, her breasts pressed against you. She has begun to hum to the haunting melodies swimming through you. You can feel her sweet breath in your ear. Your lungs are filled with her narcotic aroma. You inhale her presence with every breath.

It seems an eternity has passed before you hear the screen open again. Your eyes spring open. Lek has entwined herself around Sal like a vine. His tie is removed and her fingers are exploring under his shirt. Through his half closed eyes you read his sly smile.

Two more beautiful young ladies enter with trays, eyes lowered, silent, discreet. They too are wearing silk kimonos. Suggestive kimonos with loose fronts. Loose sleeved kimonos that cover them fully without covering them at all. Kimonos that beg to be removed.

They place a simmering vessel of tom yam in the middle of the table alongside a covered insulated pot of steamed rice. Plates and small bowls are distributed with chop sticks and chinaware spoons. They ladle some steamed rice onto each plate. Then they leave, without raising their eyes or saying a word. They return in a moment with two ice buckets, each containing a bottle of wine. A bottle is held out for your inspection. Beaujolais, red. You notice that the champagne is finished.

“Who ordered this?” you ask politely.

“It is with the compliments of the house, Sir,” Tuk whispers in your ear. “It is not every day that we have such a distinguished guest.”

You smile. Any other response would be boorish. The wine is opened. You try it and nod. Likewise Sal. Then the two leave silently again.

Tuk fills your bowl, then spoons some tom jam onto your rice. She holds the spoon to your lips for a taste. You sip.

“Nice and spicy.”

“You like it spicy?” she smiles.

“Of course.”

“Well I will try to be spicy too,” she says, cuddling closer.
“You are quite spicy enough already.”
“I am happy that you are pleased,” she whispers. “I want to please you in every way.”
“You will get me divorced.”
“Oh never, Sir. I am very discreet.”
You glance up at Sal. He is looking at you, grinning from ear to ear. Could it be blackmail that he has in mind? Maybe he plans to get some lurid photos and threaten to show them to your wife if you don’t give him the job. No. He knows you better than to try. Besides, he is not that direct. It is something else that he has in mind.
“You seem very pleased with yourself,” you say to him.
“Do you still maintain that people are not emotionally driven?”
“I have never suggested that we are not emotionally driven.”
“Then you are ready to agree that packaging sells the product, not its pragmatic merits?”
“I agree to no such thing.” You have a small sip of wine. “Because our mental processes are emotionally fueled does not mean that we must identify blindly with our emotions. Emotional energy is like a currency of exchange that funds the development of ideas. Properly channeled, it can help us to see the practical benefits of a product.”
“I have no idea of what you are talking about.”
“If you are hungry, what do you do?”
“I eat.”
“But before you can eat, you must have food. It must come from somewhere, from the forest, the sea, a garden, a farm, a ranch. There must be produce before you can eat. Someone must produce it and sell it, unless you are prepared to forage for yourself. But even if you are a hunter gatherer, you select from the jungle only what has practical merit in satiating your body’s needs. You don’t eat poisonous flowers or pebbles because they may be pretty.”
Using his chop sticks, Sal fishes a shrimp and a mushroom from his tom yam. He chews them slowly, thinking. “There is a primitive level of survival that is necessary, of course. But we are not primitives, nor are we poor. The modern age has risen above this in the markets that we are concerned with. We do not consider practical merits when we go to a supermarket to buy. We go where the produce is packaged the best, because that is what we like. It gives us something special. Then we buy what we want. We don’t give a damn that prices may be twice what they are in the old markets, because the produce is not as well packaged there.

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That’s what marketing is. It is creating the need in the mind of the customer, the need to get something special. It all comes down to packaging. Properly packaged anything can be sold. Practicality has nothing to do with it. Sales must appeal to the customer’s sophisticated image of themselves.”

“You are confusing concepts again.”

“How so?”

“There are practical reasons for packaging food in a supermarket. Cleanliness, efficiency in pricing, automatic cash registers. In general pre-packaging makes for more efficient shopping and it minimizes the number of hands that maul through your food in the process of selection. The packaging idea has been developed from a perception of practical needs. It can supply good quality food at competitive prices.”

He looks at your suit coat laying across a cushion. “You are wearing an expensive western style suit. Fisherman’s pants and a tee shirt might be more comfortable and practical at a fraction of the price. Why do you wear a suit?”

“I might prefer fisherman’s pants. I am not suggesting that everything that we do is governed totally by pragmatic considerations. The business suit has evolved as a kind of business uniform. It is a cultural norm that is expected of men in our position. It is impractical for us to try to change this norm, no matter how it is packaged.”

He raises his eyebrows. “Is that so? Chamlong manages. He has packaged his humble life style and clothing as a symbol of his commitment. He has offered the voting public something special.”

“Khun Chamlong is an extraordinary public figure and has been a popular politician. It isn’t every man that could do this.”

“That’s the point. He is special. He is offering the people something special.”

“The point is that the man has character and commitment. He has offered the people a return to traditional values. Honest government. Personal integrity. That’s his message, not the package. He doesn’t expect people to dress like him and live a celibate life in a kuti.” (A kuti is a small hut used by forest monks.)

“The quality of the product is unimportant. It is the packaging that will sell it.”

“Have you never heard the old adage, ‘Never judge a book by its cover?’”
“The old saying is empty. Look at what sells. Books that are packaged and promoted for the mass market. Few books have quality literary content today. And these days what famous author has anything of practical merit to say about the human condition? None that I know of. Sex, violence, mindless action. That’s what sells. People want to be entertained, to enjoy, to indulge their emotions, give them free reign. They want to sanction their wildest fantasies and feel special.”

Tuk has stopped eating and places her hand on your thigh. She begins to massage you gently. The touch of her fingers sends chills up your spine. He has a point, of course, but you cannot concede its merits.

“You forgot to observe that the book market is flat. The publishing industry has done it to itself by promoting mindless hype. The sensational can only go so far until it becomes impotent. The cultural impact can be devastating. The rate of illiteracy is climbing. People the world over are becoming mindless consumers, pawns to be manipulated by whims of the media and those that use it for ulterior motives.”

The screen opens and the two silent beauties return with trays of food. Peking duck, broiled fish, lobster, steamed oysters, baby vegetables. A new blend of fragrances assaults your senses. They place the food and leave. Tuk picks up an oyster on the half shell and slides it into your mouth. Delicious. Your stomach growls. Tuk giggles softly. She gives you another. Incredible. Then she begins skillfully parting the fish from its skeleton and distributing portions for each. Her movements are graceful and competent.

Sal seems disappointed in the way the conversation has gone. His orientation is completely different to yours. He lives in a different world and believes that he is in control. No amount of discussion is likely to change that. However you might package your ideas he is unlikely ever to buy them. He is concerned with the projection of illusion, not with the perception of reality. The illusion must be seen as reality. That is the nature of the lie.

You would like to broach the whole matter of organization structure with him, as you have done with Fin and Perse. You would like him to understand the three dimensions of the company and how each of the six activities likewise has three dimensions. You would like him to see how this works in the Sales Department, and how it interfaces with other departments. But you know that words are powerless to alter his perceptions.
The fish is tangy and hot. The duck is succulent, tender, perfectly seasoned. You eat in silence for a while, letting the music do all the talking. Finally Sal places his chop sticks across his plate. He leans back against the cushions with a full glass of wine, while Lek snuggles up beside him. You continue to lean forward and nibble slowly at the duck. It is a defensive maneuver. The packaging in the circumstances is all too inviting. Tuk is humming softly, the fingers of one hand toying with your hair at the back of your neck. She has one breast pressed against you.

Sal breaks the silence. “If my status in the company is to remain unchanged, and if there is to be a Sales VP, that obviously means that someone new must be hired. Do you have anyone in mind for the position?”

“Not as yet. We will begin advertising soon.”
“What precisely will the new job entail?”

You pause a moment, pondering whether to give it a try. “There are generally six activities that must be integrated at the administrative level in any company. These are six major departments of a company, and each department likewise has six analogous activities within it.”

“Six? Why six?”

“It is just the way it is. This is the way that we integrate experience. There must be some reason implicit in the natural order of things.”

Sal shrugs. He whispers something in Lek’s ear. A moment later she and Tuk leave for the washroom. “Sales has to do with selling a product. What else can be involved?” With the women gone there is a different tone in his voice. (For an overview of the Sales Department see Chapter 17, Chart 6.)

“Selling is the mainstream activity of sales, of course. But as the company grows and becomes more complex, there arises the question of how best to organize a sales effort to blanket the intended market. The sales effort must be organized to have a national and international focus as well as a local and regional focus. And the sales staff must be thoroughly acquainted with sales policies accordingly. There is thus an organization and training activity that is analogous to a personnel function, but within the context of the Sales Department. Insight into the commitment dimension of sales depends on the polarity between this organization activity and the actual selling activity. If the sales effort is not going well, maybe something is wrong with how it is organized or staffed.”

“I don’t see that there are separate activities. I organize my department, tell my people the policies and urge them to get on with the job of
selling. A Sales Manager must inspire his people to sell. It is not an academic exercise.”

“Not at the supervisory level, no. The supervisory level is concerned with the commitment of resources to the tasks at hand. But at the administrative level the job of the Sales VP takes on a different complexion. The primary concern is with the infrastructure of the company as a whole. The VP cannot organize an international department by the seat of his pants. He cannot dream up new policies and give them to his people in a pep-talk every morning. The scope of your sales effort at present is confined by the limited size of the property development operation, and the policies are determined through input from me. Until now there has been no independent sales delegation at the administrative level. That is the point.”

“Why do we need it now? We have always got along fine.” There is a hard edge to his words.

“You aren’t listening to me. Because the scope of the new operation requires it. Sales becomes multifaceted. International corporations will be leasing space in the office complex and the shopping mall, while we will be attracting travelers from all over the world to our new hotel.”

“So we do a little advertising abroad.”

“You should know better. Office and commercial space is overbuilt in Bangkok. It is not a seller’s market. We must target foreign corporations that are planning to establish in Thailand. We must find out who they are. We can even plant the idea for companies to establish themselves in Thailand. And we must help them to establish, give them information on our laws and customs, use our contacts to assist them with the bureaucracy. We must offer them advantages that they can’t find elsewhere. We must target travel agencies that send tour groups to Thailand and offer package deals in our hotel. We may be able to assemble package deals with the airlines and so on. We must advertise also. All this requires a structured organization.”

“So this new VP will be responsible for developing sales policy too?”

“He must be, yes. He must become familiar with needs in the sales market, the competition and so forth. The marketing aspect of sales will provide him with sufficient guidance to develop sales ideas, sales packages you might call them.”

“So you agree that selling comes down to packaging.” He grins.
“Packaging is one aspect of selling. But these packages will be assembled as a separately delegated activity, by a group analogous to an engineering group that assembles a design package for a building project. In this case the packages will relate to the terms of the lease contract and the services offered. There may be any number of packages with various advantages to offer and they require careful study before they are implemented. Some leases may be very long term.”

“Will he be developing a sales policy for my department too?”

“Yes. He must integrate the policy for the whole company. He will draw on your input of course, just as I have always done.”

“What about pricing policy?”

“Interesting that you should put these two separate activities together. They are polar partners. The sales policy must be developed within the context of pricing policy, just as product development for the whole company must relate to available financial resources. This polar pair provides an insight into the potential dimension of the Sales Department.”

“When you start talking about the polar pairs, the commitment dimension and the potential dimension you loose me completely. I haven’t the foggiest notion of what you mean.”

“It is simple enough. Don’t look for something too difficult. There are three dimensions to a company, that is all. Insight into each dimension is provided by a polar pair, making for a total of six activities.”

“Sort of like the three dimensions to space?”

“Sort of.”

“What is the third dimension then?”

“We have already touched on it. It is the sales-marketing polarity. It provides insight into the performance dimension.”

“You mean there is a sales activity within sales?”

“Yes. It is sales forecasting. Realistic sales targets must be set that can only be properly evaluated in relation to the marketing activity of the sales department.”

“So we must sell the idea of how much we can sell.”

“Something like that.”

“And there will be someone assigned this job full time? I do the forecasting myself at present.”

“Someone must do it, and keep on top of it. It is unlikely that the Sales VP will be able to devote sufficient time and study to the task. He will definitely need assistance at the functional level, assembling data
and so forth, and this will likely need delegated supervisory direction. The Sales VP will likewise need functional assistance with the marketing activity, although this activity will not likely be delegated at the supervisory level.”

The silent beauties return with hot towels. You wipe your face and hands as they remove the dishes. A moment later Tuk and Lek return, looking refreshed. Tuk stands observing you for a moment, bathing you with her molten eyes. Then she snuggles up beside you in good spirits. She nuzzles her nose in your ear. You wish she wouldn’t do that, and you also wish that she would do it again. She does. The shivers run through you. The conversation with Sal is suddenly ancient history.

The screen opens again and the silent ones enter with more trays. They place dishes of mixed fruit and pastries. They pour coffee from a china service that looks to be from the Ming Dynasty. Then they open a rare bottle of absinthe. You don’t notice them leave. They vanish like a pair of ephemeral creatures from another world.

Tuk raises the glass to your lips. Your senses are already reeling from the wine, from her perfume, from her nearness. The music is roaming your cerebral convolutions. You take a sip and sink back into the cushions. Sal’s package is making a more compelling impression upon you than your dry package has made on him. He is leaning back grinning with his glass, while Lek explores his torso with her hands. Are you really falling into his trap? Is it a trap? Are you just a paranoid stodgy old fool? Tuk begins to knead her thumbs into your palms and down the length of your fingers. Shivers crawl to the crown of your head. Your lids feel heavy. You feel her magic fingers creeping up your arms.

“Ah. My bursitis,” you moan with relief.

“Bursitis, Sir? What is that?”

“It is a pain in the joints, in my elbows and shoulders. Your fingers chase it away completely.” You sink deeper into the cushions. Your eyes drift closed.

“You should have mentioned it earlier, Sir. I want nothing more than to please you.”

Before you know it, Tuk has straddled you and is working her fingers into your shoulders and around your neck. Your eyes peek open. You are looking into her open kimono front. There is nothing left to the imagination. She is working her hips slowly, rhythmically, into your loins while her fingers knead your neck and shoulders. You make a feeble effort to rise.
“Just relax, Sir,” she whispers softly. You are filled with her scent. Her full firm breasts are dangling inches in front of your nose. “Let me help you with your bursitis.”

“It is not my bursitis that I am worried about.” It feels so good. You want to devour this heavenly creature. The chemistry of your body is sending urgent messages. Messages older than Australopithecus. Primal marketing. The social realities of your situation seem meaningless. What is Sal selling?

“Would you like somewhere more private, Sir? You can stay the night. We have some very nice rooms. We can enjoy the night together.”

Somewhere more private. The night together. Your mind has become an inferno. You put your arms around her. With a super human effort you pull yourself to an upright sitting position. She is astride your lap, her breasts perched under your chin.

“I must go home,” you murmur. “It has been a pleasant evening, but it is long past time that I went home.” You can’t let primitive market forces dominate your body’s corporation. Your personal integrity as a human being is at stake. That’s what Sal seeks to erode without saying a word. Your world would fall apart. Your commitment and potential would be reduced to zero in one glorious performance. The wheel of samsara would devour you.

“Don’t you like me, Sir?” she whispers, her eyes searching yours.

“Of course I like you. And there are powerful feelings that urge me to stay. But that is not the point. My place is not here.”

She looks at you sadly and leans back on your lap. “You are such a good man, Sir. I like you too much. I could make you happy, I am sure.”

You smile. “Tonight, I am sure. But tomorrow I would have to go home and face my wife. We have been together for thirty years. What would I say?”

Her fingers play with the hair around you ears. “Your wife is very fortunate?” she says sadly.

“Besides, I am much too old for you. If I was younger I might not be able to resist.”

“I don’t like young men. They are selfish and rude.” She ties up her kimono and moves to the silk cushion beside you.

Sal struggles to disentangle himself from Lek. “What’s wrong?” he asks nervously, straightening up. “Where are you going?”
“My wife is expecting me.” You look at your watch. Almost midnight. “She will be waiting up. She is a patient woman, but I haven’t seen much of her for weeks.”

“You could phone and tell her something. Tomorrow is a holiday.”

“You can stay.”

You straighten your tie and tuck in your shirt tail. “Can I pay the bill?”

“Certainly not. It is my treat,” Sal replies. “I hope you enjoyed the evening.”

You smile politely. “I must make a point of watching your expenses more closely from now on.” He grins sheepishly.

Tuk sees you out to the front door. “I hope you will come again, Sir.” You press a few bills into her palm. She gives you a hug and a peck on the cheek.

Twenty minutes later you are at home, standing in front of your wife. She has confronted you just inside the front door.

“Where have you been?” she demands. “You smell like a winery.” She is scanning you like an X-ray machine.

“Dinner with Sal, my sweet.”

“Dinner till midnight?”

“You should be proud of me, my sweet. I survived intact.” You put your arms around her and pull her close. “Sal presented me with quite a challenge.”

She pushes you away. “Does Sal wear perfume? You are absolutely reeking! Is that lipstick on your cheek?”

You pull her closer. “Quite possibly my sweet. Sal had arranged...”

She pushes you away. “Don’t blame this on Sal. You’re a grown man!”

You pull her back. “Yes, I am a man. And I faced a formidable challenge tonight.”

She struggles to hold you at arms length. Then she spots something in your shirt pocket. She pulls out a card and reads it. “Tuk, 379-1298. Just who is Tuk?”

Your wife must have been a detective in a previous life. The fire in her eyes warms your heart. She is actually jealous. After all these years. Jealous! “I guess she slipped that into my pocket when I wasn’t looking.”
“Well I will just slip it into the garbage.” She tears it in pieces. “No mia noi for you, my dear. Just one wife, and that is me. Do you understand that?”

You pull her close again. “I understand perfectly, my sweet. Now let’s go to bed. Quickly.”

NOTES:

1 The six activities that provide polar insight into the three dimensions of the Sales Department may be summarized as follows:

**Commitment Dimension:** The Sales activities have a polar relationship to the Organization activity concerned with structuring and scheduling the sales activities, thus providing insight into the commitment dimension. But there are two independently organized Sales activities that are administered in parallel by the Sales VP. One is concerned with local and regional property sales, the other with international sales encompassing the hotel complex also. Each of these two parallel activities has an independent polar relationship to the Organization activity, making for two parallel Commitment Dimensions that must independently find balance with the other two dimensions.

**Potential Dimension:** The Sales Policy activity has a polar relationship to the Pricing Policy activity thus providing insight into the potential dimension of the department.

**Performance Dimension:** The Sales Forecasting activity has a polar relationship to the undelegated Sales Marketing activity thus providing insight into the performance dimension of the department.

Keep in mind that the three dimensions have a triadic, not a hierarchical relationship to one another. The Sales VP strives to integrate them in a balanced way. For an overview of the Sales Department see Chart 6, Chapter 17.
PART III

CHARTING THE ORGANIZATION
CHAPTER 12

CHART 1 - THE THREE COMPANY DIMENSIONS

You are in your Chonburi office. Three weeks have passed since your dinner with Sal. Everyone in the company has been briefed on the new purchase, on the promotions, on the proposed new positions in the company, and on the general reasons behind these decisions.

Perse has been busy interviewing prospective new employees for his own department, for the job of Operations VP of the new division, and for the Sales VP position. There are already applicants that he feels would be excellent for both VP positions, but he is still receiving applications and he is personally checking references. He has already selected several new people for his own department.

He has just come into your office with a proposed organization chart. It is in fact a series of charts that elaborate upon one another. He has spread them out on a large table beside a row of open windows in your second floor office. Birds are chattering in a tree outside, sometimes landing on the sill and looking in.

You begin studying Chart 1 first. You scan it quickly. You are impressed with his work.

“I like the way that you have laid this out. This chart makes it clear that the six domains of activity for the whole company relate in polar pairs to provide insight into the three dimensions. Excellent.”

“One must keep in mind that the three dimensions constitute a triadic relationship. Each dimension must be balanced with each of the other two.”

“A good point. There is not a linear or hierarchical relationship between them.”

“Notice that I have called the mainstream activities Product Work. It is intended to designate the main production activity of each of the two company divisions, and also the main production activities of each department and sub-department. Is that OK?”
“That’s fine, Perse. You have also shown how one Personnel Department has a polar relationship to two Product activities, one being the Operations Department of the new complex, the other being the Construction Department of the property development division. And it is clear from the way you have drawn them that these two Product Departments are delegated at different levels of responsibility. Very good.”

“I feel that the Construction Manager and the Design Manager may have more senior responsibilities than managers within the Operations Department. They are responsible for major design decisions and capital expenditures, and yet they still work at the supervisory level. One can think of them as operating at an executive supervisory level.”

“Sometimes there are distinctions such as this to be made and fairly assessed, to be sure. I notice that you have indicated a difference by the way you have sized and arranged the dialog boxes on the chart. These two departments are moving toward fourth level delegation.”

“I have wondered what will happen if and when the property development division grows sufficiently to assume fourth level delegation status. There will be a VP, let’s call him Development VP, to distinguish him from the Operations VP. I assume that the mainstream product activity will continue to be construction. Will this new VP be responsible for Personnel, Design, Finance, Sales and Marketing activities also?”

You pause for a moment, wondering where Perse is going with his question. You thought he understood the answer already. “Of course, although all of these activities will not be delegated at the supervisory level.”

“Then there must be a considerable reorganization when that happens, because these activities are, for the most part, currently being performed by independent departments of the company as they relate to the Construction Department.”

“I see what you mean.” But you hadn’t considered the problem before. Suddenly it is clear that this is one way that organizations get into trouble as they grow. They don’t recognize a need to reshuffle the whole organization at a critical stage of expansion. “When a Development VP is appointed at the administrative level, then the related activities essential for insight into the three dimensions must be separated out of their independent departments. They must be included within the new Development Department in order for the new VP to keep the three dimensions in proper perspective and balance. But a portion of these activ-
ities will still remain with their independent departments for the company as a whole.”

“So that means there would be a Personnel Officer reporting to the new Development VP performing a job similar to my old job?”

“Yes. And likewise there would be a Sales Manager, and a Finance Manager reporting to the new Development VP. These activities will be broadly qualified by policies established company wide by respective departments that will still report directly to me.”

“You are referring now to such things as national and international sales policy and pricing. Local policy and pricing must be reasonably consistent, although there may be room for considerable flexibility to accommodate local circumstances. Is that the way you see it?”

Perse has a mind like a steel trap. You must watch what you say if you don’t want to get cornered by your own words. “It is a matter of context, yes. For example, the Finance VP is responsible for establishing a company wide system of accounts that accurately reflects the organization structure. This system must be sufficiently flexible to allow the Development Finance Manager or the Operations Finance Manager to designate subsidiary accounts to do local costing when and if this is locally desired.”

“How about the Design Department then? Would it be completely included within the Development Division? If it is, there will be no Product Development Department for the company as a whole.”

A good question. Better throw it back at him. “Why should the whole Design Department be included under a new Development VP?”

“I should think because it is concerned with designing new developments.”

“There is an important distinction to be made here.” You think for a moment. You know there is a distinction to be made, but you have to put it clearly in focus. “We never plunge headlong into detailed architectural and engineering design work on any project. Preliminary and conceptual design studies always come first, complete with preliminary estimates and feasibility studies. Several conceptual designs may be explored and compared before finally deciding on a specific preliminary design. This preliminary design and estimate then serves to define the scope of work and the parameters of the final design. The final design will include the preparation of detailed specifications, detailed design drawings, and the terms and conditions of contracts, if any, all of which constitute the construction package.”
Perse reflects for a moment. He is looking at a group of house mynahs that are having an argument in the tree outside. “But preparing the final design, the detailed plans, specifications and so on, represents the bulk of the work, and yet you say that this should all be delegated to the domain of the new Development VP. You are saying that just the preliminary studies that define the conceptual nature, extent, and budget of a development project properly belong with a Design Department for the company as a whole? This is the Product Development activity of the whole company then?”

“Exactly. Only in this way can the potential of a specific development project be assessed with respect to the company’s overall financial position. The decision to proceed with a project gives direction to the whole company and must also reflect company wide input from Marketing, Sales, Personnel, and the Development Department itself. Doing the heavy slogging of working out the detailed design then belongs in the Development Department.”

“I see,” Perse says, mulling over the ideas. “The Development activity for the company as a whole will be smaller but have a broader scope than the Development activity within the new Property Development Department.” Another question is troubling him. “Why would the Personnel VP be involved in deciding on whether a specific project should proceed?”

“Because the scope of the project may impact the organization structure! We may need to grow or acquire new skills. Or the lack of a project may require the organization to consolidate and shrink.”

Perse is looking at the birds again. They are chasing each other through the branches and their chatter fills the room. “So the decision whether to proceed with a project or not must also assess the negative consequences of having too little work on our plate. Either too much or too little can create a problem. Interesting.”

“Balance is the key word. Insight into the three dimensions must find a suitable balance. But it is premature to consider the expansion of the Property Development section to four level status. For the time being the organization of the new Operations Department under an Operations VP will keep us very busy. Let’s have a look at the Operations chart.”
Part III - Charting the Organization

CHAPTER 13

CHART 2 - THE OPERATIONS DEPARTMENT

Perse sets Chart 1 aside and turns to Chart 2.

“In Chart 2 the Operations Department of the new complex is elaborated upon,” he says, “from the Operations VP, at the Administrative level, down through the Supervisory level to various Functional level activities.”

“This looks very similar to the way we discussed this department in Bangkok. You have remembered our conversation well.”

“It is very close to what we discussed, Sir. You will notice that the six activities providing insight into the three dimensions break out clearly at the supervisory level, but not at the functional level. As a department grows, they may begin to break out at the functional level, but not as distinctly as at the supervisory level.”

You nod in agreement. “That is one way to distinguish between the functional and the supervisory levels of work.” You want to explore this a bit. “There are any number of functional activities possible, with varying levels of skill from that of a floor sweeper to that of a relativity theorist.”

Perse jerks his head back, slightly shocked. “Do you mean to say that you are placing Einstein on a par with floor sweeps and parking attendants?”

“Not in terms of their creative potential, no. But in terms of their relative place in a man-made organizational hierarchy, it frequently happens that very gifted people contribute at the same organizational level of work as do ordinary laborers. In rare cases, a single individual may possess more creative potential than large organizations, even more than whole cultures and the nations that comprise them. Such people may alter the course of history, yet they often don’t command any special organizational status. You don’t have to look back into antiquity to figures like the Buddha, Christ, Aristotle or Imhotep. Consider that...
OPERATIONS VP - Administrative Level
Product Work - Hotel, Mall, Office Complex

HOTEL MANAGER - Super. Level
Product Work - Routine Operations

COMMUNICATION

GUEST SERVICE CHIEFS
FOOD AND BEVERAGE CHIEFS
RECEPTION/SALES CHIEF
CONVENTIONS CHIEF
ENTERTAINMENT CHIEF
MAINTENANCE CHIEF
PURCHASING/STORES CHIEF
RESERVATIONS/SCHEDULING CH.

PERSONNEL OFFICER - Funct Level Ch.
Organization Work - Hiring, Records etc.

COMMUNICATION

TENANT SERVICE CHIEF
SUBSIDIARY SERVICE CHIEF
PURCHASING/STORES CHIEF
MAINTENANCE CHIEF
PROMOTIONS CHIEF
SCHEDULER/RECORDS CHIEF

LEASE MANAGER - Super. Level
Product Work - Routine Operations

FINANCIAL MGR.- Super. Level
Financial Work - Accounts, Budget etc.

POTENTIAL

ACCOUNTING CHIEFS
STATISTICS/CASH FLOW CHIEF
BUDGETING/COSTING CHIEFS
CUSTOMER FINANCE CHIEF
BUILDINGS & DECOR CHIEF
SCHEDULING & RECORDS CHIEF
UTILITIES CHIEFS
PURCHASING/STORES CHIEF

MAINTENANCE MGR. - Sup Level
Product Dev. Work - Routine Maint.

SALES MANAGER - Super. Level
Sales Work - Local Sales

PERFORMANCE

SALES/SERVICE CHIEFS
QUALITY CTL/TRAINING CHIEFS
PROMOTION/ADVERTIZING CHIEF
SCHEDULING & RECORDS CHIEF
BUDGETING/PRICING CHIEFS

MARKETING - Sup Level Undelegated
Marketing Perception of Operations VP

MARKET SURVEYS - Temporary
TEST MARKETING - Temporary

CHART #2
Mahatma Gandhi changed the political course of India. Or consider Newton or Einstein for that matter. There are many examples.”

“Well Einstein was a university professor wasn’t he?”

“Not when he published his first papers on special relativity and the photoelectric effect. He was a patent office clerk in Switzerland. But even a professor, in the context of a university’s organization, performs at a functional level of work in the educational task of generating, assimilating and disseminating ideas.” The distinctions involved are becoming clearer to you, the more you reflect, and Perse’s questions are a big help.

“So an accountant or a salesman may bring with him a greater degree of formal or interpersonal skills than a laundry worker, and yet both work at the functional level so far as the organization is concerned?”

“Yes. In yet another sense you have even exemplified this in the special way you have designated the Personnel Officer, in the way that the job relates to the Hotel Manager and the Lease Manager. This polarity is essential for insight into the commitment dimension of the Operations Department, and yet the Personnel Officer will be working at the functional level.”

“I see now. And look at the Marketing job. It is not delegated at all. That means that the Operations VP must do it himself. The direction of the whole department depends upon his personal assessment of the market. He is required to do administrative level work on the one hand and still perform at the supervisory and functional levels on the other. And yet his intuitive perception of the market is a vitally important aspect of his job. It may be where his talents display themselves most creatively.”

“Exactly so. But keep in mind that he is different from the laundry worker in so far as he also retains the supervisory and administrative levels of Marketing as undelegated levels of thought. He has a great deal of freedom to act that the laundry worker does not have. This also accounts for the creative freedom of an Einstein working as a professor in a university. The organizational framework of the best universities is designed to facilitate creative ideas without imposing a specific conceptual framework. They provide exposure to other creative minds, access to technical facilities, libraries and so on. An Einstein may work at the functional level, but he also retains, undelegated, the supervisory, administrative and managerial levels of thought in his mind, so far as the creative development of his ideas is concerned. He just doesn’t have to be bothered with the supervisory work of the faculty, or the administration of the campus.”
Perse examines the chart carefully. “If you look at the functional level reporting to the Supervisory Level, one can still distinguish some of the six activities as they present themselves at this level. I have designated functional level supervisors as foremen or chiefs, for want of better words. Although they don’t do supervisory work in the special sense that you intend, they are usually considered supervisors. We can distinguish them as chiefs at a lower hierarchical level. For that matter supervisors, in the special sense that you intend the word, are often called managers.”

“Yes, we must be clear about our terms, however we use them. And I think I can begin to see some of the polarities breaking out in the functions you have listed under the Hotel Manager’s supervision. For instance, Guest Service, Food & Beverage, Conventions, and Entertainment activities are different kinds of product work. The polar partner is organization work done by the Reservations/Scheduling activity, thus providing insight into a commitment dimension. Then Maintenance is a kind of development work in the context of hotel operation, whereas Purchasing/Stores has a financial character, requiring maintenance materials and equipment to be budgeted for, thus offering insight into a potential dimension. Reception/Sales includes the task of booking conventions and groups of various sorts and collecting payment, so that it is clearly sales work, while the polar partner of the performance dimension, marketing work, is not delegated. The Hotel Manager thus has insight into three dimensions at the functional level. Although they are not so clearly identified by our terminology as they are at the administrative and supervisory levels, the dimensions keep breaking out as the company grows.”

“It’s uncanny how the three dimensions keep cropping up again and again in different contexts. It tells you what work you can expect should be done in every department of every kind of company. I dare say, with a little more practice, I could walk into a steel mill, or a garment factory, or a shipping company, or a car plant, and come up with a model chart of how best to organize it.”

“Perhaps, but we are still feeling our way so far as the new hotel complex is concerned. No doubt the new Operations VP will have more input. He will be able to help us develop the next series of charts probing down inside the functional levels of his department. For example there are scores of jobs to be done, all lumped under headings like Guest Service, or Food & Beverage. But this chart is a good start. It should suffice to clearly identify the key supervisory people that we will need to hire. What’s next?”
NOTES:

1 See Chapters 9 and 10.

2 As the junior supervisory level develops more distinctly within the functional level, so will the senior supervisory level tend to develop administrative characteristics, while the administrative level of the whole department will acquire some managerial level characteristics. Thus a mainstream department may itself grow into four levels and eclipse the whole organization.

For example, let us suppose that the Operations Department develops into a chain of hotels in several cities. They could be independently organized as parallel Operations Departments, thus maintaining the whole organization at four levels, but this way it will soon become too much for the President to keep on top of. There will be advantages to organizing the operation of the hotel chain as an integrated four level company division. The company as a whole will then become a five level organization. At the fourth level up from the first functional level, the company will now have three delegated dimensions instead of one President. The President will now constitute the fifth level. The operation of the hotel business will have gained more autonomy, but there will still be an organization behind it, giving it overall direction with a more general focus.

The four successive levels still have relevance in a five level company, except that the levels become contextually qualified. Recall that the four levels may be designated as follows:

Managerial Work $\mapsto$ Administrative Work $\mapsto$ Supervisory Work $\mapsto$ Functional Work

where the four kinds of work relate respectively to the direction implicit in the following hierarchy:

Idea $\mapsto$ Knowledge $\mapsto$ Routine $\mapsto$ Form.

In other words:

Managerial Work gives form to Idea and direction to Knowledge;
Administrative Work gives form to Knowledge and direction to Routine;
Supervisory Work gives form to Routine and direction to behavior;
Functional Work gives form to behavior and direction to a product.
Observe now that each level of work in turn has four self-similar levels. For example a company Managing Director, or President, in the course of doing managerial work, must translate the product idea into a communicable form through his knowledge and behavioral routines. He doesn’t have to physically make the product, but he must physically perform in order to communicate the idea through speech, written word and gesture. Likewise an Administrative VP must translate the communicated idea into some plan for its physical formation through the knowledge and routines that become structured into the infrastructure and facilities developed, and so on. Everyone must translate ideas into forms through knowledge and routines in order to function.

The point here is that as a business organization grows, delegation begins at the Functional level, then the Supervisory level breaks out, then the Administrative and Managerial levels become distinct. As an organization grows to five levels, a junior supervisory level breaks out within the Functional level, while the Supervisory level acquires an administrative flavor with a focus distinct from the Administrative level which now acquires a Managerial flavor. The horizons of the Managing Director likewise expand, yet the nature of his work is still essentially Managerial in character, but with a more fundamental focus that still underlies the direction of the whole business.

Returning now to the hotel chain division of our company, the new Division Chief Executive will now have reporting to him a number of Hotel Managers, each with expanded responsibilities for the operation and maintenance of a hotel with local and regional sales and financial responsibilities, similar to the job of the Operations VP before expansion. But there will be a centralized Division planning and development department with architectural and engineering expertise, and likewise centralized personnel, finance, sales, and marketing activities, each independently delegated to maintain overall insight into the three dimensions at the Division level. These activities will assume many of the responsibilities of their counterparts in the parent company and connections with the parent organization will become more tenuous.

The parent five level organization will still have six delegated activities one level down from the President, however, so that there will still be a degree of control and direction implicitly given in each activity. For example, the Personnel activity for the whole company will still be concerned with the structural integrity of the organization, according to
the two structural constraints, but the focus will be concentrated on the
top three levels of the whole organization, including other Divisions that
may have emerged. There will likewise be a Development activity in the
parent organization, but the focus will have broadened, perhaps into ex-
tending the hotel chain internationally, or into other avenues of diversifi-
cation.

Whatever the case, it is a characteristic of the way organizations
evolve beyond four levels, that they can still be considered as four level
organizations, from the top down four levels, when it comes to the prag-
matics of structuring them to maintain insight into the three dimensions.
For example, in our five level hotel chain the four levels from the top
down would contract the bottom two levels, that is the functional level
and the supervisory level that broke out of it. In this sense the functional
and supervisory levels of the hotel chain may effectively be considered
as a functional level within the context of the whole company. Having
done this, and developed the organization accordingly, one can then
move down one level into the hotel chain organization and consider it as
four levels, thus developing the organization down five levels. The two
structural constraints may thus be used to structure companies of more
than four levels, through their successive application down one level at a
time from the top.
CHAPTER 14

CHART 3 - THE CONSTRUCTION DEPARTMENT

Perse turns to the next chart, on the Construction Department.
“ Aren’t we going to look at the Personnel Department next?” you ask. It is next in line on Chart 1.
“ My department is small in terms of numbers. I think it’s better to review the large departments first.”
“ OK then.”
“ The Design and Construction Departments are closely related since they deal with the nuts and bolts of specific projects. As you say, they are tensionally coupled.”
“ Then maybe we should get Con and Des in here to join in the discussion.” You ask your secretary to summon them and to bring some coffee and a snack. You have already been over your thoughts on the organization with Con and Des. They seemed quick to grasp the general idea, and they understand why they do not warrant promotions at the present time. They are both very practical men. They arrive about the same time as the coffee and you chat informally for a few minutes, munching fried bananas from the street vendor, before getting back to the charts.
“ I have shown the various construction activities reporting to any of several General Foremen, Con,” Perse begins. “ This is a simplification, as you know, since the construction situation can be quite fluid from month to month, with manpower shifting from one construction activity to another, especially unskilled manpower.”
“ That’s true, it can, depending on work load.” Con takes a moment to scan the whole chart, then comes back to the boxes reporting to General Foremen. “ At present we have three General Foremen. One is busy doing surface grading and installing utilities and roadways on two different projects. He has a number of crews reporting to him through their respective crew foremen. A second General Foreman is looking after
row housing and single family housing construction, as well as sewage and fresh water treatment plants. A third General Foreman has two high rise buildings a factory and a school in various stages of completion. Interior decorating crews are constantly moving from site to site, sometimes providing complete interiors, furniture, everything. You might also add a landscaping crew to your list.”

“So it is the job of the scheduler to keep track of everything in an orderly fashion, to keep things scheduled to flow smoothly, step by step to completion?” Perse seems to have a special interest in the matter of scheduling.

“Yes. He must know when a crew will be finished at one site in order to schedule it for the next. He has his finger on all of the crews, and on all of the work in various stages of completion, as well as the work coming up. Usually there is a backlog of work which is ready to proceed, so it becomes a matter of assigning priorities.”

“Is the scheduler able to do this himself?” Perse asks. “I mean can he assign priorities unilaterally?”

Con thinks for a minute. “Sometimes, but usually not. Although the scheduler happens to be very alert and clever, he is a relatively junior employee who nevertheless reports directly to me. He makes a weekly written report showing the status of all of the work ready or in progress, together with the locations of all of the crews and their schedules. These schedules are reviewed at weekly meetings between the General Foremen, the other Supervisors in the department, the Scheduler, and myself. Priorities and bottlenecks are reviewed and determined at that time.”

“Bottlenecks?”

“Often. Maybe there is an equipment bottleneck, a shortage of cranes for instance. The Materials and Equipment Supervisor will know this. He has his own internal schedule. It may be possible to alter this, or to hire an outside crane, or to alter the priorities of the jobs. We also have input from the Sales Department to contend with. We must try to meet their commitments to the customer. They have a schedule of priorities too. Maybe we have to contract out more of the work. For example we might have an outside contractor build another high rise, or a factory. All of these factors must be reconciled one against the other, so this scheduling function is very important to our efficient operation.”

Perse looks at you. “Isn’t this the analog of the Personnel activity within the Construction Department? Isn’t scheduling concerned with organizing the work?”
He has caught you daydreaming. You straighten up. “Yes, I think so.” But you must collect your thoughts for a moment. “If problems arise with the commitment dimension, one must look for solutions in the schedule or its execution. But notice that this schedule is a linear series of functional activities leading to a specific physical result. The foundation must be built before the walls and the roof. By its nature it is functional in character as opposed to supervisory as we define the terms. The priorities are normally resolved at the Supervisory level by Con. The commitment of resources thus implicitly gives direction to the functional level in the department. It is Con’s responsibility. That is why this functional level scheduler must report to him, not to a General Foreman.”

“I tried that once,” Con interjects. “There was no end of problems and I wound up out of touch with how to solve them. I felt like I had resigned my job and given it to a subordinate. A General Foreman was trying to do my job, until I put things right again.”

“How about the Materials and Equipment Supervisor?” Perse asks. “Does the chart sum up the main functions there?”

Con scans it again. “Generally yes. We purchase and warehouse a lot of materials, and outside storage is adequate for many building materials, bricks, blocks, aggregate, rebar, that sort of thing, so I take it that Purchasing/Stores includes the storage yard.” He focuses on Equipment Maintenance. “Equipment maintenance is usually construction related, but now we are beginning to do more maintenance of equipment in completed buildings even after they are turned over to the customer—large air conditioners, and electrical and mechanical equipment in factories. They just call on us, and we charge them of course.” He thinks for a moment. “One thing you must add in this section is the fab shop.”

“Fab shop?”

“Yes. We often prefabricate such things as roof trussing, door and window frames, precast concrete building components, standard formwork for pouring curb and gutter, roadway, catch basins, all sorts of things.”

“I’ll add that to the chart then. And we will have to get into more detail later on, especially when we come to job descriptions at the functional level. I can’t help but think that this Materials and Equipment activity has a product development flavor as it relates to the character of the construction activity.” Perse turns to you.

“I agree with that in a functional sense. There is a taste of the three dimensions, as they relate to construction technique, at the functional
level. The nature of the equipment and the materials employed generally dictates, in broad outline, the appropriate construction methods to be employed. You don’t mix cement with a hammer and saw, and if you have a ready-mix plant, you don’t use a shovel either. The right equipment can greatly facilitate construction, as can breakthroughs in material technology.”

Perse turns back to Con. “Anything else?”

Con scans the chart again. “The Quality Control group is small but important. For example, we must carefully monitor the progress and quality of the work contracted out to others. And we must just as carefully check the quality of our own crews, although this has a different flavor.”

“Different how?”

“With an outside contractor we have to keep reports on daily progress as a basis for making progress payments. We must also keep a running inventory of materials issued to them and used, that sort of thing, in addition to inspecting the quality of work methods and the physical workmanship.”

“Where does safety come in?”

“Safety is concerned with quality control too, but because human safety is so important we give it separate emphasis. The Safety Chief or an assistant makes the rounds of every job several times daily. He also reviews construction methods, primarily with a view to safety, but he has made many practical suggestions as to more effective construction methods also. Sometimes our foremen too automatically follow the old ways without looking for ways to improve them. For example Safety instigated using netting suspended from top to bottom and restrained at every floor on high rise construction. This prevents both workmen and refuse from falling. It’s cheaper, safer and better than the old way.”

“How about the Operating Engineer. His gets involved in commissioning new plant doesn’t he?”

Con glances again at the chart. “Yes. And it seems that we are saddled with operating a good deal of it too, although this shouldn’t be permanent. Power supply to our developments gets turned over promptly to EGAT, the power authority, but municipalities are reluctant to assume responsibility for water treatment and supply, or for sewage treatment, or roadway maintenance, or security, even after these facilities are completed and operating. That means we must maintain a small operating staff, at our own expense, until the problem can be worked out.”
“This may be the thin edge of the wedge,” you say. Perse looks at you. “What wedge?”

“I can see down the road somewhere that we are likely to get into the business of leasing space in some of our developments. We have tried to avoid this so far, but as the property development section grows we may be forced to get into the leasing business in our industrial estates, also in condo developments. That means we will have to have a permanent operation and maintenance section. This probably indicates that we are not too far away from fourth level delegation in the property development section.”

“I suspected as much.” Perse turns to Con. “That leaves Costing and Budgeting, unless you want to include your secretary.”

“My secretary has a thorny job. She schedules me, or tries to. She really is important to my commitment dimension.” Con grins. “The Costing/Budgeting function is performed by one man and a clerk normally. He keeps our accounts straight, does some costing on request, keeps tabs on expenditures, especially if we may get into cost overruns that need to be coordinated with finance, and he pulls together the budget for the department, with the input coming from the other supervisors. Most of the department’s capital budget goes to the purchase of new equipment. The projects represent huge investments, of course, that are distributed into project accounts. But then we have to estimate our operating budget for the department, in view of the projects that are scheduled, including bulk materials procurement, consumables, routine maintenance and so on. Equally important, this man acts as a check on expenditures. We can’t let anyone have a hand in the till.”

“Doesn’t Engineering do the materials procurement?” Perse turns to Des, who has been quietly listening up to this point.

“We do the material specifications, and we place most orders, specifying delivery dates to meet projected schedules, especially the long lead time items, such as large central air conditioning units, fire and water pumps, elevators, switchgear, and so on for high rise. And we do quantity estimates on all material that goes into every project. Con gets a summary of these quantity takeoffs for upcoming projects, since he must receive and store the materials. But we don’t place orders for bulk items, such as cement, aggregate, sand, asphalt, rebar, fuel, other consumables and the like. On bulk items, it just works better if Con keeps the inventory levels he needs, to keep the work flowing, without amassing it for a number of whole projects.”
Con nods. “That’s right. I have standing orders with suppliers and can get short term delivery on most items. I will only stock up if I see a shortage in the market rearing its head. We have a lot of cement ahead at the moment, for that reason. No point saving on inventory if the work stops.”

“But you do call for competitive prices on an annual basis for bulk items, or does my memory fail me?” you ask. You want to make the point that there are checks are in place.

“Oh course we do. I review these large volume bids with you before we select our suppliers for the year.”

Perse looks to you again. “All this talk goes to show that the Costing/Budgeting function has a special relation to the Materials and Equipment activity, associated with the potential dimension. It can act as a double check on the relative economies of materials and equipment procurement and inventory levels, while leaving control in the hands of the people that need control in order to function effectively. In many companies the purchasing and warehousing activity is regarded as a Finance Department activity, which places the Product Department activity at their mercy. In our case, however, this budgeting man is ensuring optimum cash flow for project development without restricting productive activity. And if there are anomalies in relative costs they should show up in costing and budgeting reports. This polar relationship within the department hones the potential dimension of the company to a fine art. It facilitates the transformation of the creative idea into a physical form.”

“Naturally,” you say casually. “You and I didn’t invent the creative process. Things just start falling in place once one begins to see how the creative process is naturally structured.”

“What about the Sales ↔ Marketing polarity within the Construction Department then?” asks Perse. “If there are clues as to the commitment and potential dimensions, one would expect some hint of a performance dimension.”

You are not sure. You look towards Con. You can usually count on him for an opinion of some kind. “Well, I’m not up on these new ideas the way that you fellows are, but it seems to me that sales as it relates to construction can be summed up by one word—quality. The customer wants quality, value for their money. That’s why we have a quality control section.”
“The Contract Inspectors monitor the contractor’s progress as well, don’t they?” Perse queries. “I mean, they have to fill out daily progress reports, keep track of material used, record manpower and equipment, especially when work is done on a cost plus basis, as opposed to a fixed price, that sort of thing.”

“Certainly. But even this concerns the quality of the job, how well it is organized and progressing. If equipment is sitting idle on the job, material scattered around, and the work site in a general state of chaos, then you can bet that the finished product will suffer in quality, and it will cost more than it should, perhaps a lot more.”

“So there are different faces to quality?”

“Absolutely.” Con pushes his glasses up his nose. “Suppose we install sewers up a road allowance, but don’t backfill the ditch in layers and properly compact it with tamping machines. Then we pave the roadway above, and six months later the trench settles. The roadway is ruined for the need of proper compaction. The inspector must be able to insist that proper equipment and technique is employed, or he may shut down the job. Or suppose that the water pipes inside a housing project are not properly pressure tested. Then the people move in and turn on the water, only to find that the pipes are leaking all over the place and destroy the plaster, floors and furniture. What do you suppose our reputation is going to be? Do you think people want to buy a bunch of trouble? No. The inspector must approve the test before the water is connected. And this isn’t some Total Quality Management program that functions from heaven. This Quality Control group reports to me, and so do the General Foremen responsible for doing the work. If there is a problem between them, I sort it out, right now. I know what’s going on, and I have the power and resources at my disposal to resolve any conflicts that may arise.”

You nod approval. Con is a competent construction man that doesn’t put up with any nonsense, and he expects quality output from his men. Everywhere in Thailand you see work sites that look like disaster areas, but not on Con’s projects. He runs a tight ship. “So that nicely pinpoints the construction sales activity,” you say. “What about marketing?”

Con scratches his head. “I’m not sure that I understand the word marketing.”
Perse answers. “Marketing is identifying a better means of responding to a need in the market. In the case of the Construction Department, the market is the construction activity itself.”

“Well, we are always looking for ways to improve. Is that what you mean? Looking for better ways of doing things, better equipment, better materials, better methods?”

“I think so.” Perse turns to you.

“I agree.” It makes sense. “It is an undelegated activity in this case, and yet anyone may come up with good ideas that deserve to be listened to. The safety man seems to be the most active in this respect. But then he is constantly reviewing construction methods for hazards and ways to eliminate them. If more attention was focused in this area it may pay off in more efficiency and better quality. Very large construction projects in fact demand careful analysis and planning of methods, equipment and materials before they even begin. In special cases they may even require the development of new equipment or material. For example look at the space program and the number of new developments required to land a man on the moon.”

“This sort of thing is beyond our means, of course, but I get the idea. And we are looking at several new methods. I hope to go to a construction equipment exhibition with my equipment supervisor next month in the States, if the boss will let us away.” He looks your way for signs of approval. “Just the two of us, for a week,” he adds with a grin.¹

You can hardly deny him after you opened your mouth so freely.

NOTES:

¹ It often happens that the marketing activity of Departments within a four level company consists largely of keeping abreast of developments in the relevant professions. This is usually facilitated by periodicals, conventions, trade shows and the like. Various members of a department may participate without the Marketing activity becoming delegated as such.
Perse turns to Chart 4, outlining the Design Department under Des.

You interrupt. “Perhaps it would be good to get Fin in on this dis-
cussion,” you say, as you pick up the phone to call him. “After all, Fi-
nance is the polar partner to the Design Department and he will be inter-
ested to see how the two departments interface on paper.”

Fin arrives shortly, and Perse proceeds.

“I have placed drafting at the top of the list, as the mainstream activ-
ity of the department, ” he says. “Is that correct?”

“My first reaction is to say no.” Des scans the chart carefully. “But
on second thought I think you are right. Drafting does the actual plan-
ning, that is, committing the design ideas to a final drawing form. The
design engineers and architects are concerned with the development of
the ideas themselves, so they are the idea development activity as ten-
sionally coupled to the mainstream product activity.”

“Then as construction proceeds, you have draftsmen revising draw-
ings to show the actual as built condition. I assume that changes are fre-
quently made on site to accommodate conditions. Where does this as
built information come from?”

“Usually from the construction inspectors. It is part of their job to
make as built sketches of alterations. If there is no inspector, as some-
times happens on a very small job, the task falls to the job foreman. If
there is a major design change, the information may come from a design
engineer.”

Perse looks back at the chart. “A checker’s job is to check drawings
produced by others, I take it.”

“Yes. He checks very carefully, word by word, line by line.”

“Don’t the design engineers and architects check them then?”
“Yes. They are double checked. Drawing errors can be extremely costly, even disastrous. Suppose the main columns on a high rise building are incorrectly labeled. The building might collapse.”

“So when drawings are completed, checked and double checked for a project, they are stamped approved for construction. When the project is ready to proceed they are then printed, and bound in sets, together with sets of construction specifications.”

“Yes. Printing and copying machines are running constantly.”

“It is the Drawing Scheduler’s job then to monitor all of this activity for the Chief Draftsman. How is his job different from the Design Scheduler who reports directly to you?”

“Keep in mind that a major project may have several hundred drawings, and that a number of projects may be on the boards, or these days on the computers, at any one time. Someone has to keep track of each drawing and the priority assigned to it in order to determine which draftsman does what next. This takes a lot of planning and keeping track of. The Chief Draftsman needs this Scheduler to assist him. On the other hand, as Design Manager, I have to be concerned with scheduling the work of the whole department, which engineers will be assigned which projects, which projects are higher priority, which portions of certain designs need to be completed first to expedite material and equipment purchasing, and so on. These priorities and bottlenecks are assessed in weekly meetings with all supervisors in the department, just as Con does in his department. The Design Scheduler monitors this, and he maintains contact with the Drawing Scheduler, the Engineering and Architectural DesignSchedulers, the Materials Purchasing Scheduler, the Construction Scheduler, and the Sales Scheduler, so that problem areas are identified in advance.”

You interject. “This further exemplifies how departments interface through their respective activities.”

Fin speaks up. “Don’t forget that we also have to schedule the money supply to meet demand.”

“Right,” says Des. “A copy of the projected Design Schedule, together with budget estimates and the Materials Purchase Schedule, gets to the Cash Flow Scheduler in the Finance Department every week.”

“Along with similar Construction reports from the Construction Scheduler, including the bulk Materials Purchase schedule,” adds Con.

“Why is it necessary to have two budget estimates, one from design and another from construction?” Perse inquires.
Des fields the question. “The design estimate is for a whole project. The estimated cost is broken down into various material, equipment and labor categories. The construction estimate breaks each project down into expenditures over time. Between the two of them the Finance Department is kept informed both of the total expected expenditures for each project, and also when these expenditures are likely to occur.”

“When we implement the new system of accounts to reflect the organization structure, it should facilitate this budgeting and reporting process,” Fin observes. “In fact the information should be on the computer for access whenever anyone wants it.”

Des moves on to the next item on the chart, to the architectural design task. “Generally speaking, the architects have the first go at a new project. In fact the first preliminary sketches may be produced before the decision is made to purchase the land. There is an annual budget allotment for preliminary studies. Alternative ideas and concepts are evaluated together with very rough estimates of costs and revenues, best case and worst case scenarios, that sort of thing. Once the options are narrowed down, the engineers will have some input, from a practical rather than from an aesthetic perspective, providing ball park construction estimates and a critical assessment of the preliminary architectural designs. Things pleasing to the eye are sometimes impractical to build, or there may be special difficulties with the site, quicksand and so on. The few options that may survive are then reviewed by management for a decision.”

“As you know, all six departments have essential input into the decision making process on a new project,” you interject. You want to emphasize the importance of the three dimensions. “The current Sales position—how much bread remains on the shelves to sell and how fast it is moving—is assessed in the light of the long term Marketing picture—expected future market demands—to provide insight into the future performance that may be expected as an outcome of decisions taken. The projected Design cost-to-revenue ratios are assessed in the light of the company’s Finance capacity, to provide insight into the company’s future potential that may be expected to result from a new project. The required construction effort is assessed in the light of how much work is already on the Construction Department’s plate, as this relates to the organization structure, and the strains likely to be placed on Personnel, as a result of the added commitment, or the lack of it. In the language of a baker, the ability to assess the market and keep our bread moving, depends upon the resource capacity to prepare the correct ingredients and
upon the schedule of the available ovens. The three dimensions must be kept in balance.”

Des continues. “Once the preliminary design and the purchase of property is settled upon, sometimes after two or three attempts, the whole project is budgeted for and detailed design work can proceed. The architectural design becomes more focused, providing the conceptual framework for the engineering design. Numbers first begin to move in the minds of engineers, then on scratch pads, then computers begin to churn out calculations. Everything from the structural analysis of buildings, to electrical loads and fluid flow through pipes, ducts and ditches must be carefully assessed, computed, checked and double checked. This requires a bevy of engineers and technicians as the information begins to coalesce into a coherent system of planned drawings—civil drawings, mechanical drawings, electrical drawings. The Senior Design Engineer in charge of the project, agrees this planned schedule of drawings with the Chief Draftsman, and the information begins to flow directly between the various engineers and technicians involved, and the draftsmen committed to the project. Preliminary drawings are refined upon until they reach final design status. In the meantime construction and material specifications are prepared, together with refined estimates of costs. With repetition from project to project, much of this falls into a pattern similar to what has been done before.”

“Then once a refined project cost estimate is available, the Budgeting & Purchasing Supervisor can notify the Finance Department of significant changes, also keeping them abreast of the approximate expenditure schedule, right?”

“That’s correct, Perse. And material and equipment specifications begin to flow through with requisitions approved by me for purchase.”

Fin speaks up. “What checks are in place to ensure that we get the best competitive prices without kickbacks from buyers.”

Des raises his eyebrows. “A fair question. On major items, such as large mechanical and electrical equipment, large quantities of cable, pipe and structural steel, and on smaller items that we can group together, such as plumbing fittings, electrical fittings, window and door units, tiles and paint, we invite formal bids from a number of suppliers, each closing at a specific time on a specific date. There is a formal review process. The relevant project engineers and architects sit on the evaluation committee along with the buyer. The bids from suppliers are evaluated and recommendations are made accordingly. Lowest price doesn’t always govern the outcome. Samples may differ in quality from supplier to sup-
plier, or perhaps there are maintenance advantages to standardizing on a certain make of air conditioning unit, for example, thus minimizing the problems of stocking spare parts and repair. Whatever the case, deviations from selecting the lowest bidder must be justified in the recommendation that comes to me for approval. I, in turn, review major purchase decisions with the President. Don’t forget that we sometimes also call bids on construction work from outside contractors.”

“Do you feel that the Financial Department should get involved in the decision process where there are large sums of money involved?” Fin is directing the question to Des, but it is also intended for you. He is not trying to promote his department’s interests. He is just trying to clarify matters.

“I’ve wondered about that,” Des says. “I know it is common practice in most companies. But hasn’t the Finance Department already been involved in the purchase decision, to the extent that it affects finance, in the initial approval of the project? What can a financial person offer in the evaluation of price as it relates to the quality of materials and equipment? It is the engineer and architect that must be the arbiter here.”

“Then I can’t but wonder why the purchasing activity comes under the control of the Finance Department in so many companies. I have heard of extreme cases where engineers are forbidden to contact suppliers directly, for any reason. Even to get design data on manufacturer’s equipment such as pumps and motors, they must get it through a purchasing agent within the Finance Department.”

“That may be so,” says Des. “But if you want to know how well that system works, you won’t be able to get a sensible answer from the purchasing agent or the Financial VP. You will have to go those who have to live with the consequences, the design engineers and construction people. You can’t write everything about a product on a spec sheet, nor can you expect a purchasing department to be terribly concerned about product quality or construction schedule bottlenecks when the Finance Department lives in another dimension. A purchasing department, divorced from design and construction, will schedule itself to suit itself first. It’s not that they want to be nasty. They just have no feel for the circumstances. To change that, someone has to shout all the way to the President.”

“Aren’t you overdoing it a bit, Des?” Fin looks at him skeptically.

“No, I don’t think so.” Des sits up straight in his chair, ready to do battle, although he and Fin normally get along well. “It is time this problem got aired. Prompt delivery of critical material may be the key to a
whole project, far outweighing its direct cost. What happens if the Design Department does not have control of project materials purchasing? The only thing we can do is complain to the boss. What does the President do when he keeps getting interrupted by irate engineers over tardy delivery or second rate quality? A finance department purchasing agent doesn’t have to get angry. He holds the purse strings and it is no sweat off his back when a project gets done. He can smile and be nice, while making digs about hostile engineers. The President has no way to adjudicate these disputes except on the basis of how people appear to him to behave. So he tells the engineers to be more cooperative, or maybe he sends them off to a seminar on teamwork. And everyone knows the President can’t get involved in every hiccup over supply. They happen every day. So Design and Construction have no option but to extend schedules, double the required lead time, then wait and just hope the pieces come together in time. They do not have control of the resources that they need to perform. How then can they be responsible for doing their jobs in a timely and cost efficient way?”

“Are you then suggesting that the Design Department should do the purchasing for the whole company?”

Des shakes his head. “Definitely not. Would you like us to make purchase decisions on equipment and materials that your department needs to operate? Maybe we would wait to group your paper order with those of other departments, and your department grinds to a halt in the wait for something to write on. We don’t want to be saddled with your problems and schedules. We have enough of our own. We would lose proper focus on our own activities. So would you.”

“But then we wind up with separate purchasing activities in Design, Construction, Finance, Sales, Personnel, Operations, and I suppose even Marketing, although they have little to purchase except land. Does that sound cost effective to you? What about economies of scale and the advantages of centralizing purchasing in a single department?”

You are enjoying the exchange. Des moves forward in his chair. “I doubt that there are significant economies of scale, not in any company. We don’t buy bed sheets, towels, food and soap, like a hotel does, and they don’t buy structural steel, bricks or cement. Neither do you. But then we don’t buy accounting software. We may use the same make of computers, but if we do, the supplier is likely to give us the same deal and we are likely to stick with the same manufacturer year after year for service reasons, unless price and quality get seriously out of line.”
“There may even be strategic advantages to using two or three makes of compatible computers,” Fin concedes.

“The only significant anomaly that I can see is transportation,” Des continues. “The purchase of cars is perhaps best done by our Equipment & Materials section, at least those cars that they are required to service and maintain for the use of other departments. And there is every reason to expect that decentralized purchasing is less costly in terms of personnel employed, because in every case communications within the organization is facilitated. No one needs to generate a flood of memos and queries between departments. Problems are dealt with at source without disrupting other departments. Log jams vanish.”

Fin is genuinely interested. The company has already evolved this way of its own accord. He is questioning because of your company’s divergence from the system many other companies follow, especially in the West. “If the benefits of decentralized purchasing are so obvious, then why doesn’t everybody do it?”

“Beats me,” Des says.

“Control,” you say. “Purchasing is centralized to control all those large expenditures of money. Financial people tend to see spending money as their province. They control the purse strings on behalf of the stockholder.”

Con breaks his silence. “You mean they don’t trust us, present company excepted, of course. For some strange reason, financial people are supposed to be more trustworthy than construction people or engineers when it comes to selecting what we need. What is to stop them from taking kickbacks and supplying us with second best goods at inflated prices? They don’t have the people most qualified to evaluate the quality of materials or equipment, or the quality of suppliers for that matter. How can there be proper checks in place to guard against collusion when we are excluded from looking after our own business? Then just look at the mess the financial world is in, wild fluctuations in financial markets, hostile takeovers, bankrupt banks, and on and on. If we had buildings collapsing at the same rate we’d all be in jail.”

Fin laughs. You laugh too. Con doesn’t. He is a serious man. He pushes his glasses up on his nose.

“If you look at the way that companies grow, perhaps it has developed this way by default,” you suggest. “When a company is very small, an accounting clerk in the office may look after sending out purchase orders because other departments aren’t yet large enough to employ clerks for themselves, and the organization is informal. In fact the whole
company may be like a very small version of our Construction Department with an accounting activity included. But then as the company grows, and the six activities become independently developed, the purchasing activity just continues to grow within the Finance Department. Since no one has a grasp of how the six activities define three essential dimensions, no one corrects the problem.”

“Perhaps,” Fin says. “But I suspect that Con has put his finger on a big piece of truth too. Financial people do tend to believe that they alone should control expenditures. For myself I am satisfied with the arguments and that proper checks are in place. These purchasing, costing and budgeting people in other departments are also subject to auditing scrutiny. And they facilitate the Finance Department. They make our job easier.”

“Let’s get back to the chart,” Perse says to Des. “Here we have another inspection group that I should think corresponds to a design sales activity, being concerned with quality. How is this inspection group different from the construction inspection group?”

“The focus is on maintaining engineering design standards, as opposed to construction standards. For example we check equipment and material on arrival, to make sure it measures up to the standards expected. We monitor the strength of concrete coming out of our plant. We take random checks on the tensile strength of rebar and structural steel, also pipe and some plastics. We test welders and do non-destructive testing on welding. We witness tests on major equipment at the manufacturer’s plant, we check its condition on arrival, and we frequently supervise technical points of its installation. We do design calculations on temporary construction support structures of various kinds, such as trench shoring and scaffolding, to ensure that it is adequate. We check soil compaction with instruments where it is critical, all that sort of thing. Then, as the work is completed, we prepare commissioning procedures and review them with the Construction Department and the ultimate operator, before we commission new electrical or mechanical plant and put it into operation. In some few cases, such as water and sewage treatment plants, and some high rise buildings, we prepare standard operating and maintenance procedures and manuals, and train operators, as part of the commissioning process.”

“So then this quality control, sales-oriented activity of design should have a marketing polar partner to provide insight into the performance dimension of the Design Department. Isn’t that right Des?” Perse is looking at you out the side of his eye as he talks. “I suppose you have some
thoughts about going off to architectural and engineering conferences and workshops now and then with some of your supervisors? Do you not have to keep abreast of trends in your profession?”

“Of course,” Des replies. “In fact there’s a conference coming up in Australia that I have my eye on. Several of us would like to go.” Des smiles in your direction. Is it a conspiracy? What can you say after you gave Con the nod.

NOTES:

1 These ideas concerning the three dimensions, consisting of a triad of polar pairs, come from original insights into the structural dynamics of the creative process. They derive from a universal “System” of organization associated with the cosmic order, which unfolds in discrete stages associated with the reconciliation of multiplicity to unity. Each successive stage of the System elaborates on the stages that precede it, at the same time being transcended and subsumed by all of the stages that precede it. This System thus allows of infinite elaboration within itself through a natural progression of higher Systems that are nevertheless subsumed and transcended by the lower Systems. This universal pattern of organization concerns the age old questions of the One and the Many, unity and diversity, self and other, each and all. While it is beyond the scope of this book to explore the nature of this System, it can be shown to have a pragmatic relevance to the whole of science and the natural order. If the reader is interested in more on this, reference should be made to Fisherman’s Guide, ibid.

The principles involved in the matter of structuring a business organization derive from what the author calls System 4. There are four levels associated with the hierarchy in System 4 and nine terms are generated. Three of the terms are universal, while six of the terms are particular. The latter six terms manifest as three polar pairs providing insight into the three dimensions.

2 This is not intended to mean that there are never advantages to centralized purchasing but generally such advantages are indicated by the organization structure. Consider the example of the hotel chain which is part of a larger five level organization. In this case there may be obvious
advantages for the Development activity of the Hotel Division to provide a centralized supply of such large volume items as linen, towels, curtains, carpeting, china, paint and the like. In such a case the centralized supply provides standard quality at reduced cost. It acts more like an independent supplier of certain bulk items than as a case by case purchasing activity. Each hotel will still require independent purchasing and stores activities, so that in some cases they will avail themselves of a central supply with standard goods on hand.
CHAPTER 16

CHART 5 - THE FINANCE DEPARTMENT

The polar partner to Design (idea or product development) is Finance (resource capacity to realize idea), thus giving an insight into the potential dimension. Perse and Fin have gone over the expanded needs of the Financial Department as they relate to the six activities, and have drafted out Chart 5. Perse turns to it now.

“Your mainstream activity is the Accounting Section,” he says to Fin. “Accounts Receivable and Payable are straightforward enough. You have to bill customers and you have to pay expenses and meet other financial obligations. In order to do this efficiently you have to schedule short term cash flows and balance the books. All of the relevant data must be collected from each department and accounted for in a balance sheet and other financial statements. These tasks will no doubt become more complicated with the addition of the new hotel complex, right?”

“Yes, but not as much as you might think. The capital investment of the company and the total number of employees will increase dramatically. But much of the increase in daily cash flow will be the responsibility of the Finance section within the new Operations Department. They will have their own accounts receivable and accounts payable activities as they relate to the ongoing daily business of the complex, income from hotel customers, rental income, paying electricity, purchasing operating supplies, food bills, that sort of thing.”

“I see, Perse says. “So in a sense they will be looking after financial matters as they relate to the ongoing functional activity of the rental complex, much as the Personnel Officer of the department will be looking after the functional level of personnel work.”

“That’s a good way to look at it. There is a clear distinction to be made here between functional level activity associated with recurrent task cycles of the business, and the supervisory and administrative levels of activity behind it.” Fin has obviously thought about the organization
structure quite a lot since your earlier discussions. “As I understand it, the administrative level gives implicit direction to the supervisory level, by translating the company idea into knowledge through the conceptual
design of the facilities and the infrastructure to be operated. The supervisory level implicitly gives direction in turn to the functional level, by committing the resources of labor, facilities and material to specific product cycles. It should therefore be clear that the labor, equipment and materials employed at the functional level is a tally of that actually committed to a set of specific results by the supervisory level. In collecting data according to a prescribed system of accounts—receivables, paying wages, utilities and other services, paying invoices for routine materials and equipment and so on—the bulk of the accounting legwork is done at source, where it is easily checked and verified. I think this is good,” Fin says confidently.

“So this accumulation of functional activity data reflects the supervisory level commitment of resources.” Perse pauses to think for a moment. “I guess that’s to be expected since the reporting activity flows countercurrent to the delegation implicit in the hierarchy.” You are surprised by the grasp that Perse displays of finance.

“I never thought of it that way, but you’re right of course. Delegation flows down through the hierarchy and reporting flows back up.”

“So the accounting activity of the Finance Department for the whole company differs from that of the Operations Department in that the former focuses on the supervisory and administrative levels as opposed to the functional level. Does that mean that there should be a split in accounting between the Operations Department and the company as a whole, according to the type of expense and revenue involved? For example, would there be a split in the payroll between supervisory people and functional people?”

“In this case I think there should be, yes,” Fin replies without hesitation. “The Operations VP and the supervisory people reporting directly to him should be on a separate payroll administered by the Finance Department. There are comparatively few people involved, of course, but they are key employees that you are directly concerned with as Personnel VP.”

“Yes, their salary levels, special training, and so on, will be concerns of the Personnel Department.”

You add your agreement. You want a degree of managerial input to your administrative and senior supervisory people, and at no time should you have to go down three levels in the organization. Individual functional level people are normally beyond your direct reach as CEO, al-
though you remain concerned with their collective needs and responsibilities.

Fin continues. “There are also analogous costs, such as the depreciation of capital facilities, the buildings and major long term equipment, that must also be the concern of the Finance Department, since these expenditures concern the administration of the whole company. These allowances must be assessed and factored into the operation of the hotel complex, along with such things as the direct costs of financing the operation, general overheads, and the like.”

“How about revenues?” Perse asks. “Are all revenues of the department generated by the direct operation of the rental complex?”

“No. There are revenues other than direct income that should accrue to the credit of the Operations Department. For example, retained earnings of the department, the pension fund, and any other accumulated funds will be invested by the Finance Department and accumulate further profits. The point is that the finance activity within the Operations Department will have a good degree of autonomy at the functional level, but this must be integrated by the general accounting activity of the Finance Department, which generates the relevant financial statements and interfaces with the other five activities within the Finance Department.”

“And the Accounting polar partner activity, facilitating insight into the commitment dimension of the Finance Department, is the Account Systems activity.” Perse looks at Chart 5 again. “This Account Systems activity provides an operating context for the Accounting activity through establishing a system of accounts that reflects the organization structure, as well as the requirements stipulated by generally accepted accounting practices and governmental regulations.”

“That’s right,” says Fin. “Then computer programs must be written to allow for the random assimilation of the information in whatever format is demanded by any department. For example, material and equipment identification is traditionally a thorny problem. There are many thousands of items of material, each distinct item having a description accompanied by an identifying number. But sometimes the same material is used by different departments for different purposes, a water valve, for example. Sometimes it’s used for maintenance, or operations, or a development project, or a certain client’s building, or a capital addition. So the identifying numbers should also have certain digits to designate the department, the end use, and the status. By status I mean whether
ordered, in stock, issued, or installed. Then all material can be automatically tallied for whatever purpose, for instance costing the erection of a client’s factory, or general maintenance, or determining inventories, or checking on materials received and outstanding for an impending project. Likewise manpower, overheads, construction equipment and so on, must first be identified then qualified three ways: with a source department, a status, and an end use.”

“I can see that all of this information can also be readily assimilated to determine a pattern of cash flow associated with various projects scheduled, with projected sales and income, and with general operations and maintenance. This cash flow planning will facilitate the cash scheduling of the Accounting activity and also allow the Finance activity of the Finance Department to optimize investment opportunities.”

“That’s true,” Fin confirms.

You are impressed at the way he and Perse work together. These two men have had the best opportunity to reflect on the six activities and three dimensions of a company, and it is already paying off. A month ago there would have been no possible way for them to discuss these subjects in a mutually accepted context of understanding. They continue, oblivious to the racket going on in the tree outside. House mynahs are a rowdy lot.

“There is also the Budgeting activity to consider when planning cash flows,” Fin adds, “because the potential dimension between the Finance and Budgeting activities concerns the future. Budgeting is a product development activity funded by the resources of Finance, within the Finance Department. The current budget is monitored according to schedules provided by all departments, and short term cash flows must be accommodated in step with this information, as continually revised and updated. The chart indicates that the assimilation of the next annual budget provides a one year lead time on cash flow planning. Budgeting ahead for three, five or ten years, according to the company’s long term plans, provides long term guidance to the Finance activity in making necessary allowances for probable future cash flows.”

“So then the Finance activity must regulate its financial arrangements accordingly—how much to rely on loans, mortgages, stocks and bonds, how best to utilize investment banking, scheduling the terms involved, optimizing financing arrangements for customers to suit the financial situation of the company as a whole, that sort of thing, correct?”
“Generally speaking, yes,” Fin confirms. “On the property development side of the company, we must also remember that many of our projects take several years to mature. In the meantime there may be huge capital outlays involved, adding to our assets, of course, but with little in the way of receivables from sales. In reality these assets represent only a promise of future profits from sales. If there is a drastic collapse in market conditions, for any reason, we could get stuck with huge assets that become a burden to unload.”

“For that reason I suppose that we must be especially careful when we come to assessing the Distribution of Profit,” Perse says thoughtfully. “This Finance Department activity corresponds to a sales function. Together with its marketing polar partner—the Fiscal Research activity—insight is provided into the performance dimension of the Finance Department. Hopefully the Fiscal Research activity would provide direction about the future investment climate and business cycles generally. Then of course there is the company’s new Marketing Department which will be monitoring the market trends of our business.”

“True enough,” Fin says, “but it is virtually impossible to predict social and political upheavals in the world today. Such things as a revolution in China or another Gulf War can have devastating effects. A degree of conservatism is advised in assessing patterns of profit distribution, because the earnings indicted in the company’s financial statements assume that reasonably normal business conditions will continue to prevail.”

“But when you are assessing how much dividend to declare on outstanding common stock, surely you must also be influenced by precedent, the pattern of dividends over the years, earnings per share ratios, comparisons with other companies in the business, and so on. I should think that you want to maintain a degree of stability if possible.”

“Yes, but so do you when budgeting how much of our profits should be committed to improved employee benefits of one kind and another. Attracting, developing and maintaining a high level of employee competence and commitment, is a primary factor in the continued success of any company.”

“When it comes to attracting and keeping the best people, the personnel market is very competitive these days. And the new Sales VP will likewise be concerned with enhancing the value of our product to the customer at stable prices, in such a way as to establish and maintain a competitive advantage in the market place. But once a stable, well ba-
balanced position is achieved in distributing profits equitably between stockholder, employee and customer, and once a sufficient reserve of retained earnings has been accumulated for whatever purposes, including insurance against unpredictable market fluctuations, then what do we do when there is still profit left over?"

“Most companies are committed to continued growth and diversification.” Fin looks to you with the old doubts turning in his mind. “Growth becomes the order of the day. Growth for the sake of growth.”

“Without limit?” Perse is unaware of the concerns Fin voiced to you previously.

“Without consciously recognizing a limit to growth,” you interject. “The limits to growth are the limitations of size alone. Organizations become so large that they lose contact with themselves. The three dimensions stagger out of balance. The organization structure becomes so unwieldy that the commitment dimension falters badly. When organizations lose employee commitment, product quality falls while costs increase. This soon tells in sales and the performance dimension. Profits turn to losses and the company’s potential dimension presents a bleak outlook that may eventually result in the death of the organization.”

“So then let us suppose that we improve working conditions and employee benefits to the point where we are able to attract and keep the best possible staff.” When Perse gets onto something he doesn’t let go easily. “This may very well improve efficiency to the point where our operating costs are lower than our competition despite higher salaries, thus generating comparatively higher profits. Reduced product cost and improved quality will likewise generate more sales and comparatively higher profits yet again. The occupancy rates in our hotel may become much higher than average, for example. So this problem of a surplus profit may not be so easy to dispense with, except through growth. We could always give it all away to the stockholder, of course, but one is hard pressed to understand why we should, beyond a reasonably attractive return on investment. We may thus be stuck between one of two options, mindless growth, or over-inflated stock.”

“If things turn out so rosy as the picture you paint, then perhaps we should put something back into the system,” you suggest.

“Into what system?” Con asks. He and Des have been listening with interest.

“Into the socio-economic system that we are dependent upon. Into the social context that supports us. Corporations invariably use every
legal loophole to avoid taxes, while complaining about too much govern-
ment intervention in business and government’s lackluster perfor-
ance in coping with socio-economic problems. Much of this criticism
is true, of course. Yet corporations rarely take the initiative to indepen-
dently contribute to public needs, even when they have the opportunity.
There is a growing tendency for corporations to abandon a sense of so-
cial conscience.”

“Are you actually suggesting siphoning off surplus profits into
some sort of charitable gesture, a charitable foundation of some kind?”
Des asks.

“If it comes to that, yes. Why not? Everyone talks about a better
world, but few are willing to make a commitment towards it. With our
future secured by a successful, responsive organization, why shouldn’t
we make a contribution? Nobody likes greedy self-serving people. Big
business likewise has a bad reputation. The record on social and envi-
ronmental issues is far from good. Why should exclusive self interest be
the only motivating drive behind business corporations? Corporations
are the individuals of the economic community, and there is every reason
for them to have a sense of social responsibility.”

“There is another problem to be considered as well in this question
of profit distribution” Fin interjects. “We must be careful that a fund of
retained earnings for a rainy day does not get out of hand. If it becomes
disproportionate in relation to dividends paid and the market value of
our stock, we could become a prime target for the hostile take over of
our company. All these fine ideas for an equitable relationship between
employee, shareholder and customer could become forfeit.”

“You mean someone might buy up our stock because it is underva-
losed?” Perse asks.

“Exactly. It’s the healthiest companies that make the best targets.
Once in control a hostile trader would dismember our rainy day funds,
including our pension schemes and employee housing and turn it to their
personal profit. They work like a virus that invades from the outside and
once they gets in they take over the corporate machinery and use it for
their own ends.”

You hadn’t considered this angle before. It could become a worry
unless safeguards are worked out. “This is another reason that our com-
munity development must be legally established with its own constitu-
tion, conditions of ownership and government.” You look out the win-
dow where scores of birds of several species are playing in its ample
limbs. “And we must think about ways of encouraging our employees to become significant shareholders. This could provide some defense against a hostile takeover.” Two doves are cooing on a branch near the window. Sometimes you feed them. They are gentle creatures, such civilized birds. They sometimes fly in the open window and perch in your office. “And it is all the more reason to disperse with surplus profits into a charitable foundation, rather than into the bottomless pockets of corporate raiders. If there is an opening there are always unscrupulous investors ready to take advantage of it.”

The noise in the tree top has reached a crescendo. Birds are chasing one another from branch to branch and squawking loudly. For some reason two mynah birds leave the argument in the crown of the tree. They land on the windowsill and let out a loud squawk at the meeting. Maybe they want to stir up an argument at your meeting. Or is it to tell you it is lunch time. You decide to take a break for an hour and reconvene in the afternoon.
After lunch Sal, Mark I and Mark II join the others in the meeting at your request. Although Sal is not a candidate for the new position of Sales VP, he may have something to offer in his stead. It will also be helpful to have Mark I and Mark II present so that everyone will clearly understand the distinction being made between Sales and Marketing.

“Chart 6 outlines the expanded new Sales Department,” Perse begins. “The chart is sketchy at this point and the new Sales VP is sure to have some input.”

Sal squirms uneasily. “Has the selection been made? When is he coming?”

“Several candidates,” you interject. “No selection yet.” Sal is naturally apprehensive about who his new boss will be. He is also taking it better than you expected he would.

“You are at the top of the chart, here Sal.” Perse points out the Property Sales Manager position. (See Chart 6) “I don’t see that there will be much change in the people reporting to you. You will still have sales people involved in domestic selling—single family, row housing, and condominium units. And you will have sales people involved in selling commercial and industrial packages. Are these separate sales groups?”

Sal is leaning forward, eagerly scanning the chart to see how his job will be affected. “Yes. Domestic selling is different from selling large packages to commercial and industrial clients. And on the up-market domestic properties we sell a lot of interiors, some of it classy custom work. Expensive. Our industrial clients have very different needs, of course. Then we have smaller projects that are nearing completion, in Chiang Mai and Chiang Rai provinces. These are looked after by a separate group.”
SALES VP - Administrative Level
Sales Work - Whole Company

PROPERTY SALES MGR - Super. Level
Product Work - Local Region Sales

DOMESTIC & IND. SALES CHIEFS
SERVICE CHIEFS
PACKAGE PROMOTIONS CHIEF
SCHEDULING & RECORDS
COSTING & BUDGETING

COMMITMENT

SALES SCHEDULER - Funct. Level
Organization Work - A Key Clerical Position

INTERNATIONAL SALES CHIEFS
INTERNATIONAL SERVICE CHIEF
PACKAGE PROMOTIONS CHIEF
SCHEDULING & RECORDS
COSTING & BUDGETING CHIEF

COMMITMENT

INTERNAT SALES MGR - Super. Level
Product Work - International Sales

POLICY INTRO & TRAINING CHIEF
POLICY FORMULATION CHIEF
PACKAGE DEVELOPMENT CHIEF
ADVERTISING CHIEF

SALES POLICY MGR. - Super. Level
Product Development Work - Sales Related

PRICING POLICY MGR - Super. Level
Financial Work - Sales Related

PRICING STDS. & GUIDELINES
PRICING FORMULATION CHIEF
BUDGETING & COSTING CHIEF
CASH FLOW POLICY CHIEF

POTENTIAL

SALES FORECASTING - Super. Level
Sales Work - Projected Sales

PRODUCT EVALUATION
COMPETITION EVALUATION
TREND SALES PROJECTIONS
CONTINGENT EFFECTS

PERFORMANCE

MARKETING - Super Level Undelegated
Marketing Work - Assessing Market Sales

MARKET SURVEYS
TEST MARKETING
DETERMINING TRENDS
CONTINGENT DEVELOPMENTS

CHART #6
“So your sales staff is organized into at least three groups at present, according to function and/or area. Each group has a leader I assume?”

“Yes. We call them supervisors.”

“And each has a number of experienced sales people with a complement of junior sales clerks employed in the office or in model units?”

“For domestic sales, yes. First contact often comes through people driving by. They see a model unit and come in to look around, get prices and information. We have a few small commercial and industrial units available for inspection as well, but many of our first contacts come through an initiative on our part. We know that certain companies may want to locate in the Eastern Seaboard area because of the nature of their business, so we contact them. We also advertise in the media and billboards, and this brings many inquiries.”

“So to consummate a sale, the sales person makes out a sales contract that is agreed and signed by the client?”

“Yes. The salesperson may have to check with construction to see when the unit will be completed. Often this is done through our scheduler. Or the salesperson may have to work directly with the Design Department when custom designed premises are required. The final contract may involve a custom designed set of plans and specifications, especially in the case of a large industrial client.”

“So then the scheduler tracks the progress of the various projects with respect to sales commitments made, and also monitors that the client’s installment payments are on time. This requires that the scheduler keep in constant contact with the Design, Construction, and Cash Flow schedulers too. If a project is delayed for any reason, the sales people must be informed to notify the customers affected. Or if a client is delinquent in making payments, a sales person must investigate the problem.”

There is pandemonium in the tree outside your office. The birds are literally screaming. Perse pauses while Con goes to the window and claps his hands. The mynahs disperse for the time being. “Can’t hear yourself think,” he says, looking at you, puzzled at how you put up with it every day.

Perse continues down the chart. “What about the customer service activity? What function is performed by people in this category?”

“Suppose we build a factory for a customer and a few months later the concrete floor cracks due to settlement. Or maybe the roof leaks, or an air conditioner fails during the warranty period. Some one must service these kinds of complaints and arrange to make things right if we can. Sometimes we also provide subsidiary services on a routine basis,
garbage collection and bus service, for example, during the interim pe-
riod before the municipality assumes responsibility for a development.
Or a customer may want alterations or changes made to a building after
they have assumed possession. Many situations can arise. Someone in
the customer service section must investigate and organize action in
these situations.”

Perse moves to the next item on the chart. “Then you have to cost
your activities and budget for the department’s expenditures. Does this
activity affect the sales pricing policy?”

“It provides input to the pricing policy along with accounting in-
formation compiled by Finance. But I see there’s going to be a separate
pricing policy section in the Sales Department.”

“We’ll get to that later, Sal. What can you tell us about your Sales
Promotion activity?”

Sal shrugs. “Mostly advertising. A lot of newspaper adds and radio,
and some TV. And we maintain quite a few billboards. Then we have
brochures of course. Once in a while we have a special promotion and
give away some TV sets to prospective home buyers. We also have a
model of our whole Eastern Seaboard development that we put on dis-
play in a few shopping centers in Bangkok and Chonburi, along with a
lucky draw. In addition we make a special effort to reach the employees
of companies that locate in the industrial park, and we offer them better
prices and financing arrangements on purchasing homes. We’ve got to
reach a lot of people to sell over a thousand housing and condo units a
year. But it looks to me from your chart that all of these activities are
going to be duplicated by an international sales program. It seems to me
to be quite a waste.”

“We’ve discussed this before, Sal,” you interject. “The main focus
will be international as opposed to regional. The international sales effort
will also include the hotel rental complex. This won’t interfere with your
job.”

“But won’t the international sales people be selling the same thing?
We’re going to get our wires crossed, sell the same place twice. One
hand won’t know what the other is doing.”

Sal will put you on the spot if he can. You can spare him little
mercy, for he will spare you none. You must have your wits about you.
“That’s why we have a scheduler/organizer, Sal. He will interface with
other schedulers, both inside the sales department and in other depart-
ments. Everyone will know the current status of design, construction and
sale of every unit in every project.”
“So then the international scheduler will be duplicating the work of my scheduler.”

“They will both have access to the same computerized information. They will both be updating that information with respect to current sales. But the international scheduler will also be dealing with hotel reservations, commercial leases and related services also.”

“So then the international scheduler will also be duplicating the work of the Operations Department’s reservations scheduler.”

“On the contrary Sal, international efforts will complement the regional sales focus of the Operations Department. The various department schedulers provide a means to interface and integrate these independently focused efforts.”

“What will international sales people be doing then?”

“They will be contacting businesses that may want to lease or buy premises in Thailand. In order to do that, foreign companies must form Thai partnerships. The customer service people can help them to do this, acquaint them with the regulations, arrange pertinent introductions, assist them with the Thai bureaucracy, and so on. We’ve been through this Sal. The focus is very different from your regional perspective. Then there is the matter of selling the hotel to foreign tour operators and travel agents. We will be offering package tours targeting certain foreign markets, special deals for frequent travelers and so on.”

“I see,” says Sal. He is unimpressed but does acknowledge the international function. “The same general kinds of activities are involved in international selling. What is this Sales Scheduler activity that reports directly to the new Sales VP? The \textit{commitment} dimension?” He gives the word a twist. “How many schedulers do we have to have anyway?”

“Everyone has to schedule their activities. This is fundamental to organized behavior. So does every department in every company have to organize itself. In the case of the newly expanded Sales Department this concerns how best to organize and schedule the department’s sales program. There are policy changes to be implemented, sales packages to be introduced, pricing policy revisions to be made, special sales promotions to be programmed and so on. These things must be planned and scheduled, not come as surprises in the dark to our sales staff and customers alike.”

“It seems to me that sales policy is going to become rigid and cumbersome if it’s going to be developed by a separate bureaucracy.”

“It isn’t a separate bureaucracy. Policy will be developed with feedback directly from yourself and the international sales manager. This
policy group will put together formalized policy as a guide for your sales people. They will assist in training them accordingly. Sales policy must be consistent with respect to such things as contractual conditions, warranty periods, financing and other subsidiary services available, credit checks required, formal procedures to be followed and so on. Specific sales packages will be developed within this overall procedural context with a view to facilitating sales. Often these packages will target certain groups, such as tour groups from specific countries. Or maybe industrial sales will target certain service companies which will complement other companies in an industrial estate, and so on. Then there is advertising on a national and international scale with a view to reaching a wider market than your local and regional advertising can. This is not the work of a stifling bureaucracy. This is development work that your sales people need as direction in order to sell effectively. You can’t build a house without a plan, and neither can you sell it without a plan.”

“How can we sell a house if we have no power to bargain with the purchaser?” He is raising his voice over the birds, but you suspect he wants to raise it anyway. “The potential dimension? It looks as if pricing policy will be out of our hands too.”

“How can you price a product if you don’t know what it costs. And someone has to carefully evaluate the market competition. Sales revenues also depend to a large extent on the volume of turnover that can be reasonably achieved and sustained. All of these parameters allow for a degree of flexibility in pricing, depending on circumstances. You know that. These limits will be assessed for you. But if your sales people have to take it upon themselves to evaluate all these questions, they won’t have any time left for selling.”

“We did it before.”

“We did it before when things were much simpler. You and I did it with the help of accountants and clerks and salesmen and engineers, evaluating construction schedules, and market prices, and costs, and by burning a lot of midnight oil. It was a ritual that went on for a few weeks every year, like compiling the annual budget. We have outgrown that now. This task needs to be professionally monitored by a small group on a continuous basis. In addition to general pricing policy there are special prices to be determined for sales packages and subsidiary services. There is also the matter of budgeting involved, which provides important cash flow information to the Finance Department.”

Sal looks at the chart to disguise a rather defeated look. “That doesn’t leave much, just Sales Forecasting and Sales Marketing—the
performance dimension it says here.” He gives it another sarcastic twist. He has more nerve than Dick Tracy.

“That’s right. Sales forecasting must set realistic sales objectives. The scheduling of design, construction, cash flow, hiring, new acquisitions, pricing and sales policy will all be affected accordingly. Sales forecasting takes place in the context of sales marketing. Market conditions must be evaluated as they affect the current product streams. For instance the gulf war, followed by the military coup had an adverse affect on sales, but it was not as bad as we anticipated. We adjusted our sales policy and pricing to compensate. The sales marketing activity will entail the periodical clerical compilation of statistics, and its analysis for pertinent indicators. Delegation will not be continuous, and it will be at the functional level, so that market assessment will remain largely undelegated. It will depend primarily on the intuitive perception of the Sales VP. The important thing is that an insight into this performance dimension of sales will affect the performance of every department.”

“We talked about this at the Sabai Room, right?”

Con takes off his glasses and drops his jaw. “The Sabai Room?” He is joined by suppressed chuckles around the table. Even the birds create a new uproar. You are not noted for your macho reputation with the women.

Sal is shamelessly wearing a smirk. You feel a slight blush. You are not sure whether you are embarrassed for Sal or for yourself. “That’s right. We talked about it at the Sabai Room,” you reply evenly. “I’m surprised you remember,” you add with a sarcastic smirk of your own. That brings a few snickers from everyone, including Sal.

Sal seems quite proud of his notoriety. You are tempted to take him aside after the meeting and give him a talking to, but you won’t. He is unable to mount a significant challenge to your new organization. And you learned long ago that there is some truth in the old Thai proverb: “Never chase a dog up a dead-end street.”
“Well that’s enough said about the Sales Department,” Perse intervenes in an obvious effort to rescue an embarrassing situation. “Let’s go on to the Marketing Department.”
“This looks like a nice brief chart,” says Mark I. “Even at that it is a bit over done, at least in my end of things.”

“You mean that these functions aren’t essential to your job?”

“Generally they are, yes. But I don’t have people assigned to them full time. If I need a market survey done, for example, I would normally hire a consultant to do it. We surveyed a cross section of companies this way, to assess interest in the Eastern Seaboard Development, long before it was approved to proceed. We also had access to government information and statistics when the project was nothing more than an idea in the minds a few influential people. At this time we began making discreet inquiries about land in the area, and as the location and benefits of the development became obvious, we began buying, very discreetly. But since the purchase of this new hotel complex, things have been quiet. In fact things are at such a lull right now that I only have one junior assistant and he is on holiday.”

“That may change soon,” says Mark II, running his fingers through his thick black hair. He is much younger than Mark I.

“What’s up?”

“It’s the satellite city and new airport concept. You know the area everyone is talking about. This project looks like it will go forward to relieve the congestion in Bangkok. And it will be big. Bigger than the Eastern Seaboard Development.”

Mark I lowers his gray head, betraying a bald spot, then raises it again to speak. “The last word I had was that the project’s core area would likely be expropriated by the government to forestall speculation, and to allow some intelligent planning. But land prices have already soared over the whole area, before any commitment to proceed. The expropriation costs could be prohibitive. What if speculation drives the development to another area altogether?”

Mark II shakes his head. “Our studies confirm that it must go north-east of Bangkok, about sixty kilometers distant, to allow rapid commuting along high speed transportation corridors, both to Bangkok and to the Eastern Seaboard. Land prices have also softened due to uncertainties. The point is that careful examination of aerial photos can pinpoint the most likely location that will create the least disruption. In fact there is little flexibility allowed in selecting the exact location. The selection is essentially made already.”

“Things don’t always happen in the most likely way, especially in Thailand. We are not exactly noted for our planning. The project might never happen at all.”
Sal laughs. Everyone else is paying serious attention. Mark II continues.

“Bangkok is already unlivable and the projected population by 2010 is sixteen million. That’s an increase of nearly half a million people a year. Something must be done.”

“Suppose a commitment is made to proceed with the satellite city. What’s on your mind. What kind of company involvement are you thinking in terms of?”

“Property development, not unlike our Eastern Seaboard developments, initially. We are geared for this kind of work. But current projects will exhaust our land here within a few years. We should at least be taking options on land in the satellite area, before prices take another spurt upwards. We must secure the land if we are to remain in the business where concentrated development is going to be focused.”

“You said ‘initially’. What else do you have in mind?” Mark I is curious.

“Another hotel and commercial complex. I am confident that we can pinpoint some land in the core area of the satellite city.”

This brings a few moans. Fin leans across the table. “We haven’t got this one under our belt yet, and you want us to start on another?”

You interrupt. “Let’s get back to the topic under discussion, namely the Marketing Department of the company. Enough has been said to demonstrate what this marketing activity is all about. It must probe the future and offer specific guidance in the direction that a company should take. In order to do this, potential markets must be carefully surveyed, drawing on all sources of information available. Statistics naturally plays a major role. In our business demography is especially important, the study of where concentrations of people will live, and how. From this we can develop preliminary ideas and a variety of conceptual designs as to how we can best participate in meeting development needs. These various alternatives must be costed within a general range, estimating the financing likely to be involved over the time frame concerned. The resulting reports, with specific recommendations, should give us the direction we need to make intelligent decisions.”

Sal looks at Perse and points to the chart. “Why have you got test marketing down here? How can we test market property development? It is not like test marketing manufactured gadgets worth a few baht. We have to spend hundreds of millions on new developments. This can’t be a test. It’s the real thing.”
“We are concerned with more than just property development,” Perse replies patiently. “For instance there are various packages that may be offered to travelers to bring them to our hotel. These packages may sometimes begin as a marketing idea that is first tried out in a certain area to see how it will work out, before applying the idea more widely.”

“That means that the marketing department is going to be selling!”

Mark I pipes up. “He didn’t say that. Test marketing is conducted with the cooperation of the Sales Department. The task is to find out how a new idea will work in practice before making a major commitment to it.”

“I still don’t see much need for that in our business.”

“Perhaps there isn’t as much need as in some businesses,” Perse replies. “In this case, the items listed on the chart don’t represent separate departments within the Marketing Department. The Marketing Department is too small. It is delegated mostly at the functional level. This is a only a list of separate functions that it may perform from time to time.”

“That’s right,” says Mark II. “I have only three people at present, and Mark I has just one. My people are involved in market studies, reviewing government reports, cultivating valuable contacts, talking to planning people, analyzing statistics, exploring ideas, including those developed in foreign markets, and the costs associated with them. There is no test marketing on the horizon at this time. We are concentrating on assimilating information and getting it into a useful form at present, and we are looking ahead five to ten years.”

“There is a place for test marketing in property development too,” you interject. “We may be able to influence the matter of how people are going to live in the future in a very positive way, if we do our job well. I would like to see us give a lot more thought to this area, wherever we may decide to make a commitment to develop in future.”

“What do you mean?” asks Mark II.

“Property development in the past has not been very imaginative in Thailand, including our own developments. As you say, Mark I, planning is not one of our traditional strengths. Endless rows of shop houses dominate the landscape all over the country. Shopping malls, apartment blocks, and office towers are imported copies that do less than nothing to enhance the quality of life. The rising generation is being denied a meaningful environment. Their parks are shopping malls. Their playgrounds are noisy arcades full of electronic games that most cannot afford to play. What are we turning our children into? I would like to see integrated community developments with an imaginative layout and design, units
arranged in interesting patterns interspersed with shops and offices and recreational areas with specific local needs in mind, other than just milking a mindless public for profit. I am convinced that this can be done in attractive and affordable fashion, in a medium density development, if we only have the will to do it.”

“I have seen some interesting developments along these lines in the west,” Mark I says.

“So have I,” adds Mark II. “Livable places with a very positive community atmosphere. But what has this to do with test marketing?”

“I am wondering why we couldn’t try something like this, in a small way, in one corner of our Eastern Seaboard development. This will give us some first hand experience to go on, and if it works well, we can expand our ideas on future development projects.”

Mark II looks at Mark I, then at you. “We both have some ideas on this already. We’ll get a conceptual report together, with some rough estimates, and have an architect do up some sketches. You’ll have it in no time.”

“Don’t rush it. You have lots of time right now. Re-examine your ideas carefully and improve them if you can.”

The tiny but important Marketing Department has had its hour in the sun. You turn to Perse. “When are we getting around to the Personnel Department?”

“Right now,” he says, turning to the last chart.
“You’ve saved your own department for the last, Perse, so let’s hear what you have to say for yourself.” Perse seems a bit uneasy suddenly.

“Well, sir,” he replies. “This is a preliminary chart at the moment, as I still can’t fully assess the extent of the demands that will be placed on the Personnel Department. But I do feel that I have a grasp of the main activities of the department, I know the key people that I need at present, and I feel confident now that I can proceed step by step as demands present themselves. However, I have one fundamental reservation about my situation.”

“What is your reservation?”

“I would rather save it for later, if you don’t mind.”

“Very well. Proceed.”

“The first Supervisory position on the chart concerns the mainstream activity of the department. My previous assistant will assume this position that entails most of the tasks that I used to perform, except now they will be done on a much larger scale, especially at first. I have already hired three Personnel Officers to assist him, and we need more right away.”

“Another empire in the building?” asks Sal?

Perse turns to him politely. “We will have to hire hundreds of employees over the next year. Overall the company will grow to two and a half thousand employees by the time the hotel is ready for operation. On average this means that we will have to hire four to five people a day, every working day for the next eighteen months. This does not take into account the people that will leave the company and have to be replaced in the meantime. If we assume that the average employment period with the company is seven years, then we will be replacing nearly four hundred people a year. All of this involves a lot of advertising, screening,
interviewing, checking references, documentation, indoctrination and so on, especially with supervisory people, technical people and skilled trades. We sometimes have scores of applicants for one job. Sometimes we have none and we have to hunt for them.”

You are beginning to see the full problem of staffing up the hotel and commercial complex. You turn to Perse. “You obviously can’t throw this job to the new Personnel Officer of the Operations Department. With a few assistants, he can maintain the functional levels once the organization is established, but that huge initial task of first developing the organization and staffing it must fall to you.”

“You’re quite right, Sir. There is going to be a lot of chaos at the start, and we are going to have to work together a lot, pitching in where the greatest need is at the time. Essential functions will still be delegated to specific individuals, but non-urgent tasks, such as pension schemes and most human relations tasks are often going to be placed on the back burner until the air starts to clear.”

“What are your first priorities then?”

“The most urgent priority is hiring the key people in the new organization structure, the two new VP’s of course, but also the key supervisory levels in the new commercial complex. We need these supervisors to do their part in the hiring process and to give us guidance in the organizational details at the functional level. And we need the key scheduling people to begin setting up their systems with direction from the supervisory people involved.”

“Systems? What systems? I don’t understand.”

“The systems of formal communications involved in running the business. We have to invent a whole new system of forms and paperwork and computer systems that communicate between every department, and we want to keep it as simple and as direct as possible. This is going to take a great deal of study. I feel that the scheduling people, who will play such a key role in formal communications between the departments, must do much of the legwork in developing this system. They also need input and guidance from the key supervisory people involved.”

“So we have to pull together this skeleton organization first, to develop working systems before we can flesh out the organization at the functional levels.” You hadn’t fully appreciated the magnitude of this task. With the kind of soul searching involved in developing this system, it’s more like a ghost than a skeleton that’s needed for the job. “It’s a big chore to pull together a computer system, complemented by a system of forms from scratch, everything from a coffee shop check to lease con-
tracts, repair orders, notices and routine reports. There must be scores of forms involved, interconnecting scores of functional working units throughout the company. We can no doubt get some sample ideas to start the ball rolling—see how others do it?"

"Of course. But our system has a lot to it that is original, because of your new organizational concepts. This brings up another high priority in the Finance Department."

"I was just thinking that, Perse," Fin interrupts. "I am going to need someone to fill that Account Systems Supervisor slot right away, along with some help for him. And they must be very energetic and bright. It is a thorny job to wade through our accounts jungle and superimpose another system of order in a compatible way. Then we will have to develop new computer programs. We will need help there too. It is not a simple matter."

"Yet all of this is essential to the formal communications of the whole organization," Perse emphasizes. "I just hope that we can pull it together in time."

"Don’t forget our stores records," Con says. "The whole system of material identification needs to be revised as well, and quickly. I will need help and guidance. And you had better find some stores people to work on the materials control system in the new Operations Department just as quickly. They will have many thousands of items to identify in the same new systematic way. And they will have to set stock levels on them, call competitive bids, place orders and receive delivery before they can open for business."

"It seems that your mainstream activity is going to be pressed pretty hard to keep on schedule," you observe, looking at Perse sympathetically. "Do you have anyone pulling together a schedule yet?"

Some sparrows have landed on the windowsill and are chattering away as if they want their say in the meeting. "Shoo!" says Con, clapping his hands. Then the mynahs raise a new clamor in the tree.

"Someone is working on it now, has been for a week. We’ve all been working long hours and expect that we’ll have to for some time yet." Beads of perspiration are standing out on Perse’s forehead.

"How about the organization task itself. Do you have a supervisor in mind for this slot yet?" This job is fundamental to the whole process of reorganizing the company, so it is a key position.

"I have pulled these charts together myself, thus far, with input from all of you. With minor revisions, pursuant to our discussions today, I feel that they are reasonably accurate down to the functional level. I think
that it has been my personal task to do this, consistent with insights into these new structural principles. These charts now clearly establish the pattern, and they open up the essential avenues into structuring the functional levels accordingly. I have someone in mind for this role, and I hope they will accept the offer to join us. This job will involve organizing a great number of activities, and it cannot be done unilaterally. It will be necessary to work closely with the supervisors involved to sort the whole thing out, right down to butchers, dish washers and parking attendants. While the whole organization structure is being charted, we can follow along preparing the job descriptions. I would like to see as much employee participation as possible in this process of writing job descriptions. If a person can be shown how to write job descriptions using the charts, then they will have a good idea of how the organization is supposed to work.

“So this will facilitate the organization training function that you see?” you ask.

“Yes. If everyone understands their job in relation to the whole organization, they are encouraged to be more responsible to their colleagues that are dependent upon them.”

“How does a person write his own job description using the organization charts?”

“It is simplified by the charts. Each person’s job is already designated on the charts, along with who they report to and the activities that they are responsible for. Then working from the top of the organization structure down, it can be seen how the activities mutually interface horizontally on each effective working level in the organizational hierarchy, according to how it is delegated.” (This is dealt with more fully in Chapter 20.)

“Are you trying to say that people on the administrative level only interface horizontally with others on the administrative level, and likewise on the supervisory level and the functional levels?” You are skeptical about this.

“There is this tendency I think, but it is far from an iron clad rule. For instance, I’m sure that Des doesn’t want Con walking into the drafting room and telling a draftsmen what to draw. I’m equally sure that Con doesn’t want Des to be personally giving instructions to his general foremen without his consent. At the same time engineering inspectors, working under Des, give engineering direction to the foremen on a job on a routine basis. They may have to tell them what kind of temporary supports they need under a floor when pouring concrete, for example. Nor-
nally these interfaces take place on approximately the same level and it is understood that each participant has a different role to play, neither being superior to the other, although one may give direction to another.”

“But this isn’t always the case?” You want this clarified further.

“That is clear from the charts. Look at Chart 2. The Personnel Officer will interface regularly with managers senior to him in the Operations Department. He will also interface regularly with people reporting to those same managers, while he himself reports to the Operations VP. It seems that Organization Work frequently interfaces with activities senior to it as well as junior to it. This is generally true of the schedulers.”

“It is true of other activities also,” you interject, “for instance Marketing, when it is delegated. The important point is that the six activities must be delegated separately so that they will interface to maintain insight into the three dimensions. The first structural constraint is primary. It doesn’t matter so much what the relative levels of delegation are, so long as the organization is transparent. People must see their part in relation to the whole. The importance of the second structural constraint is that the four levels of work implicit in the hierarchy must be recognized as delegation becomes necessary. If one attempts to sneak in extra levels in some departments, the various activities will not interface in a balanced way. Some people in the organization will be placed in positions of dominance over others and conflict will invariably arise, even among the best of friends.”

“That’s exactly the point,” Perse agrees. “In exploring the horizontal interfaces in writing any job description, one gains an appreciation for how the organization is intended to work.”

“Perhaps you can give us an example later. Let’s move on to the Human Development Supervisor. I assume that you will need this job filled soon also.”

“Yes, although not quite so urgently as some of the others. The pressing need will be for training the large numbers of functional staff once we begin hiring at this level. We therefore need to identify our training needs very carefully well in advance, and schedule programs accordingly. Once again this has to be worked out with the supervisors directly involved. The supervisors should play a leading role in the programs themselves, although we may also enlist a few outside experts from various sources.”

“So developing programs to encourage employees to further their formal education will take a back seat until things settle into place, I presume.”
Perse looks at you apologetically. “I’m afraid that it will have to for
now. But if we get wind of good seminars or workshops, we can send
anyone interested. It is just that our capacity to develop programs of this
kind will be limited for a while.”

You move to the next item on the chart. “But we must try and get
our pay scales in good order. Serious errors here can be difficult to cor-
rect and they create a lot of hard feeling.”

“I have placed a high priority on filling the Staff Benefits Supervi-
sor slot, and also the pay scale analysis slot reporting to him. Once again
the organization charts will be a help in assessing relative pay scale
ranges. One gets a general visual picture just looking at them. Obviously
there is still a great deal of analysis required to devise the most equitable
system that we can, however. A number of factors come into play, as you
all know.”

“What about the Profit Distribution Benefits slot?” Sal interrupts.
“When are we going to get a piece of the action?”

Everybody laughs.

“It’s lesser priority, of course. I’m sure Fin is going to be hard
pressed to accurately assess our profits with everything in such a state of
flux at the present time. The Profit Distribution Supervisor slot in his
department is more urgent. And this is not the most urgent of his needs.”

“I agree,” says Fin. “It is going to take a good deal of analysis and
planning to work this thing out properly. We need a number of key peo-
ple in the Finance Department right now—yesterday. I don’t want to
harp on it Perse, but I’m telling you again. I have feelers out myself,
without any luck so far.”

“We began running adds last week and we are getting replies,”
Perse says. “We can skip doing any screening. If you can spare the time
to interview all applicants I’ll just send them to you.”

“Fine. I can spare the time to get some of these problems off my
back.”

“That brings us to Human Relations, Perse. And here lies my pet
project, the employee housing development. When can we get started?”
You rub your hands together with glee.

Perse has started to sweat rather profusely. He picks up his glass and
has a long drink of water. Then he sets the glass back on the table very
carefully, and looks at you soberly. “I don’t know,” he says. “Not this
month, anyway.”

A civil war seems to have broken out in the tree outside. The avian
uproar is deafening.
“It’s OK, Perse!” Des shouts over the tumult. He gets up to shut the windows. “And I’ve had enough of the birds for one day!” He looks at you with a defiant grin. “How do you stand it?” He turns on the air conditioner, then looks at Perse. “And your part in the employee housing project isn’t so urgent as all that, Perse. I’ve got a couple of junior architects working up some preliminary sketches already. Just a variety of ideas so far. There’s no point in getting an employee committee together until we have some employees hired, and some sketches to talk about.” Des then turns to face you with a great flourish, and bows. “Rome wasn’t built in a day, Great Caesar.”

After the laughter dies down, Des turns to you again, quite seriously. “All of us have wondered out loud many times, Pres, just why is it that you prefer this particular office, on this floor, with that huge tree practically inside the room, when it is infested with swarms of screaming birds? How do you concentrate? How do you come up with your uncanny ideas with all of that racket going on?”

You smile appreciatively at this man you have worked with for two decades. “A lively community spends its days in that tree, Des. I have observed it and studied it for years. I regard them as neighbors. And I have learned a lot from them.”

“Learned? What can you possibly have learned from birds?”

“Patience for one thing. In my job one has to find a degree of inspired peace, perspective and clarity, often in the midst of a great deal of confusion. One has to integrate and balance all of the diverse interests of the many people in the company. Those birds in the tree have much in common with us. They’re like little people with feathers. Each one is doing its own thing, and that’s just as important to each bird as it is to each person. Often that conflicts with others in the tree, and yet they somehow work it out to play out their days together, day after day. That’s the way it is in a company too. So when problems in the company start to get me down, I watch the birds for a while. Sometimes I see each of them as a little animated idea, flitting about in my brain. Then my brain takes on the character of the tree, with a whole host of ideas flitting about, contesting and playing with one another, often in a noisy fashion. Then I see how the birds do it. And if I find the patience to appreciate their fleeting concerns, other problems don’t seem so big anymore. I can balance them in the limbs of my brain, while my roots rest in peace with the earth. I find renewed perspective in that. These birds show me how.”
Everyone looks at you for a silent moment, incongruous expressions trapped on their faces. They are wondering whether you’re serious or not. You let them wonder. How can a lover of anything explain himself?

“Just one last question, Perse,” you say. “At the outset you said that you had one fundamental reservation about your situation. I can see that you are hard pressed, and that you will continue to be until this new organization takes shape. Is that the subject of your concern?”

“No Sir. Not in the least. This is the most challenging and fascinating thing I have ever attempted in my life. I am grateful for the opportunity.”

“What is it then?”

“It is the level of delegation of my job. You have given me two promotions, from the functional level to the administrative level, when the total numbers of people and the complexity of my department will not compare with other departments delegated at the administrative level. In thinking through the organizational needs of my department, I can see that each of my five key supervisors will have a comparatively small number of people reporting to them, although they will be highly qualified. The nature of personnel functional level work requires both a high degree of formal qualifications and considerable human skills. But so too does Des require highly qualified people in his Design Department, architects and engineers, technologists and design draftsmen, and larger numbers of them. And Con is responsible for hundreds of people, and yet neither he nor Des is an administrative level VP. I am not suggesting that they should be. I understand the distinctions being made. What I don’t understand is why you have singled me out for promotion to the administrative level. Why am I getting special treatment?”

Sal bangs the table with one hand and slaps his forehead with the other. “Are you daft?” he shouts. He leans toward Perse with disbelief in his eyes. “In the midst of all of this shit that has been dumped upon you, am I to understand that you are asking for a demotion? What kind of fool are you?”

Everyone laughs, except you and Perse. Integrity is a rare thing to behold, and it often appears foolish to a foolish world. “I am not giving you special treatment, Perse. Although you have made some valid observations, you don’t yet appreciate part of the situation. It may appear to be true that we could compress the supervisory roles in your department down into functional supervisory roles, so that your job could be rated on an executive supervisory level, like Des and Con. But the six activities
are clearly breaking out at the supervisory level, even though a comparatively small number of people may be employed at the functional level.

“You must also appreciate that the mentality that prevails in your department, and the decisions that you take, will have profound effects on the whole organization, on employee commitment and moral, on our ultimate success or failure. If Sal or Des or Con make mistakes, they may be costly, but we will likely survive them. Your mistakes can be universally disastrous for us all. We may not even be able to recognize them. If you structure conflict into the organization, or allow it to be done, we will become lost in the conflict, defending turf blindly with enormous waste of resources, and of human life, thus compounding the mistakes that you make many times. On the other hand, it is in the nature of personnel work that a small number of capable people can more readily come to a better balance of the activities involved. In a broader organizational sense, one design scheduler, or one construction scheduler, can keep whole departments, with hundreds of people, mobilized in the right direction. There seems to be something about this comparative simplicity in the face of complexity that is implicit in the self organizing character of the creative process.

“But even if all of this is not true, look at my situation. If you don’t helm this organizational challenge at the administrative level, then I will have to. With everything that has been happening lately, I could no sooner have found the time to draw up these charts than fly to the moon. These charts delineate the most fundamental infrastructure that a company can have. In a few conversations you have been perceptive enough to grasp the whole idea of structuring any company, and I’m sure that I couldn’t have done a better job than you have so far. But the main point is this. Even if I could hold you at the executive supervisory level, I have violated neither of the two structural constraints,\(^1\) nor any corollaries associated with them,\(^2\) by delegating the task to you at the administrative level. I still retain independent insight into the three dimensions of the whole company. Everyone here still has independent insight into the three dimensions of their departments, to the extent they have been delegated. I’m sorry Perse, but you’re stuck with the VP job.”

NOTES:
See Chapter 8, pages 63 and 72, for a discussion of the two structural constraints. The first structural constraint requires that each of the six regions always be delegated separately. The second structural constraint requires delegation to take place in four levels, beginning at the functional level, then the supervisory level, then the administrative level, as the organization warrants it, in accordance with the universal hierarchy. Delegation at the managerial level does not take place until a five level company is reached.

There are corollaries to the two structural constraints. For example, the universal hierarchy $\text{Idea} \rightarrow \text{Knowledge} \rightarrow \text{Routine} \rightarrow \text{Form}$ defines four successive active processes involved in any creative endeavor. But since ideation itself is a creative process, a homologue of the same hierarchy is implicated in the process of giving form to idea. There are four self-similar levels within the idea level. Likewise there is a homologue of the same hierarchy implicated in giving form to knowledge, also to routine, and even to form itself. In fact a homologue of the hierarchy becomes manifest first in the case of form, which is why we see sub levels breaking out first at the functional level of work, as we discussed previously in Chapter 13, Note 2. There is also a structural reason for this that can be seen in how the “System” proliferates, but it is beyond our present scope. It may be said that the levels within levels are self-similar, or that there is an isomorphy to the structure of experience.

Another related corollary concerns the way the levels are delegated in each of the six activities. For example the President may delegate the Marketing activity at the Supervisory level, even though the Functional level is not fully developed and a Functional level supervisor might do the job that is technically required. But if conditions warrant, and if the qualified person is available, neither of the structural constraints are violated in doing so. The result is only to take some of the Marketing burden off the President’s shoulders, while still leaving him with insight into the three dimensions and in control of the company’s overall direction. This flexible privilege of over delegating a job in special circumstances does not extend to two levels, however. If the President delegated the Marketing activity at the Administrative level, he would lose insight into the direction of the company, since each level in the hierarchy must retain a degree of insight down two levels.

For the same reason additional levels cannot be inserted into the hierarchy without losing insight at some or all levels. Without transpar-
ency, intelligent direction of the organization is lost. An arbitrarily top-heavy structure in one or more activities distorts the balance between the three dimensions by constricting feedback and the responsiveness of all levels. Destructive political forces invariably come into play.
PART IV

TRANSPARENCY AND RESONANCE
CHAPTER 20

COMMON ACCORD IN JOB INTERFACEING

A month later you are reassembled in the conference room, down the hall from your private office. It is a spacious room with a conference table that can comfortably seat about twenty people. It also has an overhead projector and screen to facilitate discussion. It is mid morning and the full slate of senior people in your organization are grouped at one end of the table, including Perse, Fin, Con, Des, Sal, Mark I, and Mark II.

Sal is still representing the interests of the Sales Department, since the new Sales VP has not yet joined the organization. Also present is the new Operations VP, whom we will name Oper for short. Perse has also brought along an attractive female assistant to observe, since she will be responsible for formalizing job descriptions under Perse’s direction, in accordance with the new organizational principles. We may call her Persist. She will have to be very persistent indeed to maintain the structural integrity of the two organizational constraints and the three company dimensions in the face of conflicting interests.

The new Operations VP has been thoroughly versed on how the new organization is expected to function in accord with the proposed organization charts. Oper has been doing some homework to become familiar and has already made some valuable suggestions. He also has some questions and reservations about the whole concept. So has Sal, although Sal’s objections are more entrenched. Oper is still feeling his way.

“At least we are nearly away from the birds,” mutters Con as the meeting begins. One branch of the tree in fact reaches past the windows along one side of the room, but they are closed. The cacophony of noise in its branches is barely audible above the cool hum of the air conditioner.
“The agenda today concerns the formalization of job descriptions,” you begin. “We have all studied the charting of the organization down to the functional levels, and now the task is to translate the information contained in the charts into formal job descriptions, consistent with the two structural constraints. The objective here is to come to a common accord on the organizational structure.”

“Common accord?” Sal interjects. “Can anyone really expect to achieve universal agreement on anything?”

Oper raises his eyebrows and looks around the table. Everyone else is looking at Sal, wondering what he will say next. When he doesn’t add anything except a quizzical look in your direction, they all turn their heads toward you.

You are about to retract an unfortunate choice of words, then you think better of it. “There are many things about which there is common agreement, Sal,” you say modestly. “We agree, I hope, that the sun will set this evening and rise again tomorrow morning. We all agree that we cannot fly like a bird or perform feats that are otherwise physically impossible for us as human beings. We likewise agree that our mutual undertakings require a good degree of mutual cooperation, or we would not all be here in this room to discuss how best to accomplish this. Our personal ideas may be as diverse as our numbers, and yet we can hope to structure our mutual activities in such a way as to give them meaningful collective expression.”

Sal cuts you off. “How best to do that may be the question, but there may be many answers, that’s the point. There are as many answers as there are people in this room, or people in the world for that matter.” He waves his arm to encompass the world. “It all depends on personal opinions and you say yourself that these may be as diverse as our numbers.”

You make an effort at restraint. It is betrayed by a sigh. He takes advantage of the pause.

“The point is, if some of us don’t happen to agree with your ideas, how can you expect to achieve what you call a common accord on the organization structure? How can there be universal agreement? Must people be coerced to agree against their will? What happens then to the creative freedom that you champion?”

There are a few more sighs from around the table that at least indicate not everyone agrees with Sal.
“You’re being unfair,” Con says, glaring at Sal. “Pres has been extremely patient with us all in trying to explain the benefits of his ideas to the organization and to everyone in it. What would you do in his shoes? You would impose your will blindly, that’s what! And we would all have to suffer the consequences, not knowing where we stood, turning to you for every decision, trying to anticipate your every mood as if you were some kind of god.”

Sal juts his jaw forward. “That only confirms my point that someone must impose their will in order for an organization to work,”

Con throws up his hands. “The man is hopeless!” Sal’s face reddens in anger.

You break the uneasy tension that follows. “There is a point to be made here none the less.” You turn again to Sal. “The value of organizational ideas depends upon the degree of responsive and creative coherence that they bring to the organization at all levels. We are embarked here upon using the two structural constraints in order to bring transparency to the organization, so that all can see their part and place in the structure, whether they agree with that structure or not. In that respect you have a point. The organization must be structured in some way, whether good or bad, and ultimately that decision rests with me as the Chief Executive Officer. So long as I hold that position in the company I cannot shirk that responsibility, however much I may want to. Even if I defer to the opinions of others, I must accept that responsibility. But within this context, the search for common accord means something quite distinct from universal agreement on specific issues.”

You have given Sal the space that he needs to save face. He pursues the question instead. “How can accord be distinct from agreement?” He spits the words out. “To be in accord means to agree.”

You check your temper. “Not always. Our mutual actions can be in accord without there being agreement between us. Con may not agree with your sales methods, but he will build the houses you sell, and he will do it the way that Des designs them whether he likes the designs or not. And all this activity will take place within financial constraints whether any of us likes it or not. The point is that every organization structure places constraints on us all, while at the same time defining the degree of freedom and responsibility each of us has within that structure. Usually these responsibilities are poorly defined, leading to many misunderstandings and conflicts. That is what we are trying to resolve here,
to bring our mutual responsibilities into a mutual accord that all can see, toward some collective creative result.”

Oper stirs, fishing through some papers in front of him. He begins to study the charts, especially Chart 2 that outlines his Operations Department. “Can we take a look at a specific question in order to understand this idea of accord better?” he asks.

“Of course. What is it?”

“In the past I have been manager of two major hotels. Quite frankly I have never run into an organization structure quite like this. Now I am going to have a hotel manager reporting to me, and this manager will not be responsible for important functions to do with the successful operation of the hotel. Sales, Maintenance, and Accounting are not under his control. How can this be in accord with his responsibility for managing the hotel?”

You look at the chart to refresh your memory. “In fact he will not have overall responsibility. You will have it. The six activities that provide insight into the three dimensions will report to you. But at a functional level he will still have control of some maintenance, sales and financial matters. Minor routine maintenance, such as air-conditioning, minor plumbing, cleaning floors, laundry, that sort of thing will be his to manage. Reception, reservations, in-house advertising and the like are sales related functions that he will be responsible for. And purchasing and inventory of routine operation items, such as linen, towels, curtains, dishes, soap, food and beverages, gives him some financial control over his operating expenses. Keep in mind that the hotel manager is a mainstream operations supervisor within the operations department, along with the lease manager of the office tower and commercial complex.”

“I can see that the Hotel Manager and Lease Manager have parallel relationships to the other five activities of the department. It just seems strange that the Hotel Manager is not a full fledged manager.”

“He doesn’t work at the administrative level. You do. But even your responsibilities are limited. You have to interface with the other five activities of the whole company.”

Perse intervenes. “Perhaps it would be clearer if we had a look at your job description, Oper.”

“You have written my job description?”

“Persist has written it as an example to follow. I hope you don’t mind. Perhaps you will be able to improve on it. Put it up on the screen Persist.”
“So my whole job description is on less than one page?”
“Yes,” says Persist matter-of-factly. “We shouldn’t need to define administrative level work functionally. The important thing is to identify the working interfaces, not to list everything that you might do every day.”

**OPERATIONS VP**
**Job Description**

The Operations Vice President shall be responsible to the President for the routine operation and maintenance of the Hotel, Office Tower, Shopping Mall, and related facilities. Without restricting the generality of the foregoing, responsibilities shall include the following, in accordance with general company policies and procedures:

- The routine operation of the Hotel, including accommodation, food, beverage, entertainment and convention facilities, together with incidental operational maintenance, promotions, scheduling, purchasing and stores.
- The routine operation of the Office Tower and Shopping Mall, including related services, incidental operational maintenance, promotions, scheduling, purchasing and stores.
- The selection, discharge, evaluation, discipline and training of functional level employees.
- The general accounting practices related to routine operations, including accounts receivable, accounts payable, statistical reporting, short term cash flow scheduling, costing, budgeting, credit and customer finance.
- Routine maintenance, including general building maintenance, interior re-decoration, utilities repair, scheduling, records and stores.
- Local sales, including leasing, group tours, promotion packages, advertising, local pricing within policy guidelines, scheduling and records, and budgeting.
- Assessment of local market trends and adjusting local practices accordingly.
In the course of carrying out the above responsibilities of the role, the Operations VP will routinely interface with the Personnel VP, the Design Manager, the Financial VP, the Sales VP, the Marketing Manager, and occasionally the Construction Manager. Informal interfacing may extend to employees of the above department heads, with their knowledge and consent, as the occasion may require. For example, if a new Lease Manager is required, the Personnel VP will be informed, but then the screening of candidates will require direct interfacing with the Personnel Supervisor responsible. Likewise, implementing construction alterations to the hotel may require direct interfacing with Design and Construction Engineers reporting to the Design Manager and the Construction Manager.

* * *

“Notice that there is a general statement of your job to begin with,” Perse adds. “Your job is summed up in one sentence, outlining your overall responsibility to the President. Then seven specific responsibilities follow. Six of these seven responsibilities are delegated to separate supervisors within your department. The seventh responsibility is undelegated.”

“It seems very simple,” says Oper. “Why my job description can be read right off Chart 2, the organization chart for my department!”

“It is simple. That’s the beauty of it. And the people that you most frequently interface horizontally with are indicated on Chart 1.”

“At the administrative level, that means I have access to the resources of the whole company. Does this hold true for the supervisory level?”

“Routine access becomes progressively more qualified as you move down through the hierarchy,” Persist points out. “I’m sure you know that it must.”

“Of course. The complaints of a laundry worker should be attended to before they get to me. And I shouldn’t have need to interface directly with a design draftsman in Des’s department, although I might want to have direct input to one of his architects or design engineers, with his knowledge of course.”

“If you have a project we will extend you the same courtesy as we would any customer,” Des says. “This is standard procedure.”
Oper casts a disparaging look across the table at Persist, who is twelve years his junior. “But you’re going to get your gritty little finger right down into the roots of my department, aren’t you Persist?”

Persist grins back at him. “Yep,” she says cheerfully. “Guess that’s my job. I am the Organization Supervisor, responsible to the Personnel Vice President for job descriptions, organization analysis, and organization training. But there are special constraints and obligations attached to my job.”

“What special constraints?”

“The two structural constraints, of course. I have to follow corporate design principles just as surely as Des must follow engineering design principles so that buildings will not fall down. It is my job to ensure that the organization works, that it is designed to maintain insight into the three dimensions at every level.”

“I see. Then what about the special obligations attached to your job?”

“I’m not sure I understand. What is your concern?”

“I think you know. My concern is that I may want to change the organization of my department for a specific practical reason, and you will not let me. You will tie me up in red tape.”

Sal begins laughing. “See what I mean? No accord here.”

Persist ignores him. “Perhaps you could give me an example, Oper.”

Oper thinks for a minute. “Let’s say that I want the hotel to open a cafeteria to cater to the lunch trade from the offices nearby. The cafeteria might even be in the Shopping Mall. All this entails organizational changes. The hotel manager will need a new supervisor, new staff, new accounts to be identified and so on.”

Persist has no hesitation. “The thing that I want to stress here is that it is my job to facilitate changes such as this, to make them easier, not thwart them. I can point out alternative ways that you might organize it, consistent with the two structural constraints, and let you take your pick.”

“Alternative ways?” Oper looks skeptical. “Can you give me an example?”

“For instance, you might not have considered that there may be advantages to including the new cafeteria as a subsidiary service under the Lease Manager, rather than under the Hotel Manager. Whatever the case, I would draft out the organizational revisions and the relevant new
job descriptions, to facilitate the hiring process, pay scale assessments, adjustments to the system of accounts and so on.”

“And the Personnel Officer reporting to me would do the hiring?”

“Yes, unless it’s too much for him. He can always call for help from his counterparts in the Personnel Department.”

“But you would write the job descriptions?

“With input from the relevant supervisors in your department, yes. The job descriptions would be sketchy at first, because functional level jobs need to identify specific duties. They are best filled out with feedback from the people themselves. And they should not be too rigid, or people will start to say that’s not my job, when expected to do something a little different.”

“Then what’s this talk I hear about people writing their own job descriptions?”

“Yeah. What about that?” Sal chuckles. “I’ve got some great ideas for my job.” No one else is amused. His smirk fades.

Perse fields the question. “The idea obviously wasn’t intended to give people the freedom to independently determine their jobs. The point is we already have a large organization consisting of hundreds of people, and it would be a valuable training aid in the new organizational concept to have them write there own job descriptions from the organization charts. It is relatively simple, as you have seen. It would acquaint everyone with the organizational principles involved, and it would help Persist get the job done. The process would be monitored for consistency, of course.”

“We might even learn something from the exercise,” Persist adds. “But in drafting out a new organization from scratch this is hardly possible. Once people are in their jobs for a short while we can ask them to review various job descriptions from the organization charts as a training exercise, to familiarize them with how the organization works.” Persist pauses for a moment, looking at Oper. “Is your main concern answered?” she asks.

“Perhaps.” Oper replies slowly, tentatively. “I can see that you have every good intention of facilitating the kind of organizational change I selected. I can also see there are other changes that you would not be so generously disposed toward.”

Persist smiles and nods.

“Give me an example,” he says.
Persist thinks for a minute. “Let us suppose that you take a notion, for some reason, that you want to reduce the number of people reporting to you. Maybe you read a management book that recommends you should not have more than about four or five people reporting to you. The author has obviously not thought through the consequences of the top heavy organizations that result, but you don’t examine this either. The author’s other arguments seem to make sense and you would like more free time. You have just joined a golf club and the contacts you make there may be important. You thus propose to include the Personnel Officer’s job under your Finance Manager. After all he is more junior than your other supervisors, and every management expert stresses the need to delegate. You thus decide that you want to delegate Personnel to Finance. In such a case you would meet with maximum resistance from the Personnel Department.”

Oper grins. “I can see that. I wouldn’t have much luck with that one all the way to the top. Fortunately it’s not a change I would want to make. Maybe I’m just beginning to really see the importance of polar insight into the three dimensions.”

The meeting goes on for the rest of the morning reviewing several more typical job descriptions at the supervisory and functional levels, until everyone seems to have a clear idea of how to write them, even Sal. The meeting goes well under the stewardship of Perse and his right hand woman, Persist. For the most part you remain silent, content to observe the progress, but this concept of mutual accord keeps turning over in your mind. You know that there is more to it than just a mutual compromise, because insight into the three dimensions is fundamental to it. There must be some transcending order inherent in the nature of experience that imposes this organizational imperative in human affairs. You remember back to the night in the Sabai Room when you began to wonder about the personal integration of experience. You shudder again at the grand performance that you could have made of yourself.
CHAPTER 21

COMMON ACCORD AND RESONANCE

As the meeting wound up there was some interesting conversation under way. You decided to treat everyone to lunch so that it might continue. You are now seated around a large table in a Chinese restaurant and everyone is having suki yaki. The Chinese call it hwo koah, meaning fire pot.

You throw the question that has been playing in your mind open to the group. “Why is mutual accord possible, and why is it so intimately associated with insight into three dimensions?” you ask, while dipping some shrimps and vegetables into the boiling water for cooking. Electrically heated cooking pots have been placed on the tables for the purpose. Everyone has joined in. You are steering the conversation a bit, but it was headed in this direction anyway, thanks to Sal’s rather overbearing opposition to anything that suggests that he must be in agreement. He has a certain nuisance value in situations like this.

“I suppose, in the end, that it’s just a matter of having to get along and get on with the job,” says Mark II. “Everyone has to make certain compromises in life. It only stands to reason that we all can’t have everything that we want.”

“But why should there be three dimensions involved? Why is mutual accord in a business a matter of coming to terms with three polar relationships? Why is this an organizational imperative? There is no compromise here. Is this just an accident of evolution? Or is there some compelling reason that this must be so?” You are faced with a round of puzzled looks. All but Sal, who is admiring the silk wall hangings adorning the red walls.

“There is more to this matter of mutual accord than first meets the eye,” Perse ventures. “Structuring an organization concerns the structuring of human experience. It concerns how we ourselves have been structured to integrate experience, because our organizations are an extension of how each of us functions as individuals.”
Oper looks at him, a little shocked. “Are you saying that a business organization should work like a single human being? How is that possible? Even if we reach a common accord, we are not all of one mind.”

“Are you sure that a human being is of one mind?”

“That’s the common belief. Well, isn’t it?” He looks at Perse as if it must be so.

Perse looks to his assistant. “Persist has a lot of background in clinical psychology and is probably better qualified to answer the question. I know she has some thoughts on this. Would you mind, Persist?”

Persist sifts through some papers in a file in front of her, then thinks better of it and closes the file. “I’ll try. I’m not sure this all comes from a psychology background. A lot of things started coming together for me when I came here to work. Perhaps I’m more indebted to the intuition of our President. When I made contact with these organizational principles, I began to make sense of important fundamental studies that I hadn’t understood the full significance of before. I hadn’t fully grasped the fact that I was trying to fathom how experience is organized. I thought there were physical causes for experience, like there may be physical causes for a car accident. It has finally dawned upon me that there is a great deal of psychological evidence in support of there being three dimensions to the integration of human experience.”

“So then you mean that the integration of human experience is analogous to the way that business organizations integrate experience?” Oper is still very puzzled. He is ignoring the food.

“Yes,” says Persist, pausing to finish a mouthful. “Let me elaborate a little. Early histological studies on the structure of the human brain established that the limb, or extremities of the cerebral hemispheres, that are folded in around the brain stem, are similar in structure to the brains of the reptiles and lower mammals. Later it was noticed that these primitive brains in man correspond to the brains of the reptile and the lower mammal in our evolutionary history. To put it more concretely, the brains of the crocodile and the horse are represented in the human brain, and they are intimately associated with the autonomic nervous system which fuels our emotions. This functionally integrated limbic system, as it is called, is very ancient, going back several hundred millions of years to the development of the reptiles. This was modified by the advent of the lower mammals, but then, overlying these primitive brains, came the explosive development of the cerebral hemispheres associated with intelligence in the higher mammals and especially in man. This new brain is
not colored in its function with emotional experience, relating more directly to external inputs.

The interesting thing is that there seems to be no direct biological controls by this huge new intellectual brain over the primitive emotional brain, yet they are constrained to live in the same house together. You might say that we have acquired the intellectual capacity to build atomic bombs and send rockets to the moon, but it is harnessed to the emotional capacity of a crocodile and a horse."²

For a moment everyone looks at Persist, as her words sink in. Even Sal’s eyes come unglued from the wall hangings. Then he laughs his loudest equestrian laugh. Des, Fin, the Marks and Con look a little stunned. Oper slaps the table. “What are you saying? That we think like a human and feel like a crocodile?”

“At first sight this assessment seems to be in fair agreement with humanity’s social failings, don’t you think Oper? Our history of violence and genocidal practices for thousands of years leaves little to be proud of. Our intellectual capabilities have a strong tendency to become subverted to the service of our basest animal desires.”

Oper’s eyes are riveted on Persist. “You say at first sight. Is there another way to see it?”

“There’s just more to the story. About thirty years ago there was some important research carried out on epileptic patients who had undergone surgical section of the corpus callosum.”³

“The corpus what? Can you use simpler language?”

“Sorry. It’s just a huge nerve bundle that interconnects the right and left halves of the cerebral hemispheres. It was known from animal experiments that no obvious change was to be expected in the patients’ behavior if this was cut in two, except that their severe epileptic conditions should be markedly improved.”

“Why is that? Has this corpus whatever something to do with epilepsy?”

“Not directly. It was just hoped that the focus of epileptic seizures would be unable to transmit throughout the brain if the corpus callosum was severed.”

“So they actually cut the brain in two pieces on a hope?”

“It may sound a little drastic, but there was sound evidence that it would likely do more good than harm. This proved to be the case, however some curious results became apparent from careful testing. A split screen was set up, such that pictures could be flashed onto either half of the screen from behind. With the patient looking at the center of the
screen, a picture flashed on the left screen for a tenth of a second would only register on the right brain, and vice versa.”

“You mean each eye saw one half of the screen?” Oper asks, all ears, still ignoring his food.

“Not quite. The left half of each eye saw the left screen and the left halves of both eyes project to the right hemisphere, and vice versa.”

“So what happened?”

“When a picture of an object, say a pen, was flashed on the left screen, and the person was asked what they saw, they couldn’t answer correctly. They might say they didn’t see anything, or just a flash of light. But then when they were asked to pick out the object by touch, from one of a number of articles behind the screen, the left hand could do it correctly. The left hand is connected to the right brain, and the right brain obviously saw what was flashed on the screen. But it could not answer verbally because it had no ability to speak. It could not utter one word. However, if the picture was flashed on the right screen, the left hand could not identify the article, as before. But then if the person was asked what it was, they would immediately say it was a pen. The left brain saw and it had control of speech, but not control of the left hand.”

“What do you mean? Are you saying that because these people had split brains that they had two minds?” Oper is looking confused. So are you. You have heard all the talk about right and left brain thinking, but you hadn’t realized that these split brain experiments were so definitive.

“Under normal conditions both sides of their brains are exposed to identical sensory input, but under the conditions of the test, each half of their brain did indeed function as a separate mind with a separate memory track.”

Oper shakes his head slowly. “But that means that each hemisphere functions separately all of the time. It is just that usually the split brains use the same input. Are these people different? From us, I mean?”

Persist finishes up her beef and noodles. “No. We are all similar in this respect.”

“And the right brain cannot speak?”
Figure 21-1

Adapted from Science and Cosmic Order
“Generally not, in right handed people. In left handed people the role of the hemispheres is usually reversed. And a variety of anomalies are possible.”

“So what does the right brain do, if it can’t speak?”

“It generally excels at abstract thought, spatio-temporal organization, appreciation of music, art, aesthetic values, the spiritual sense, that sort of thing. You might say the right brain is the intuitive brain. On the other hand, the left brain excels at the expression of technique. And technique is generally associated in some way with language. We learn how to do things through language. This includes sciences of all kinds. The left brain is technological as opposed to intuitive. It is as if the right intuitive brain has been assigned the task of abstract idea development while the left brain is concerned with implementation.” Persist opens her file and extracts a diagram of the nervous system’s correspondence to the six activities. She puts it up on the screen. See Figure 21-1.

Des puts down his chop sticks, examines the drawing carefully and speaks up. “So in our company the right hemisphere corresponds to the design activity, that is, developing the abstract idea of a house, as opposed to actually building it. Building it is Con’s department, corresponding to the left hemisphere commitment dimension.”

“Where does that leave me?” Oper says. “What about operating a hotel as opposed to designing and building it?”

“Operation and Construction are represented as parallel activities in the organization structure,” Persist explains. “But you also have a major Maintenance activity which is associated with idea development. In this sense Maintenance must be consistent with Design and Construction taken together. The idea, once constructed, must be maintained in operational order. The focus is mercurial. It keeps shifting with the context. The point is that there are always three dimensions involved in human activity, and these have their analogs in corporate activity. There is a common accord between them.”

“What is the polar partner of idea development then? What funds the intuition?” Des asks.

“The resources of memory,” Persist replies, quite sure of herself. “I don’t mean just the memory of specific events frozen in time. I mean the memory of how things work in certain circumstances. An element of memory is like an element of technique contained within the idea recalled. There is an intuitive insight into the dynamics of the creative process that has a polar relationship to the development of new ideas.”
“So the potential dimension of a person is related to their intuitive grasp of the creative process.” Des leans back looking at the ceiling. “I guess that makes sense.”

Con has been staring at a wall hanging of yang and yin chasing themselves in a circle, surrounded by the hexagrams. “How about the polar partner of explicit technique? What does the human commitment dimension relate to?” he asks. “That concerns my department.”

“And mine,” says Persist. “The other polar partner of the commitment dimension is social organization. That’s why language is dominant in the left hemisphere. Language links us to our social organization, which is the analog of the personnel function. We all must relate to our social structures in some way, however confused they may sometimes be. They are difficult to improve, perhaps partly because we usually aren’t aware of how all this fits together. But now we have a way to come to a common accord within the context of a company.”

Oper is rubbing his head. “Two minds! Can one person have two minds?”

“Not two, three,” Persist replies. “You’re forgetting the ancient emotional mind.”

“Three! Horrors! Of course. The performance dimension.”

“Sales and Marketing,” Sal says, looking up from his food with a new air of sobriety. For a moment you entertain a hope that some of this is sinking in at last. Then he adds with a laugh, “I guess that me and the Marks brothers are the primitive part of the brain, right?” This time he draws a few snickers as he lowers his head to dig in again. He is a slurpy eater.

“Primitive in one respect,” Persist acknowledges, “insofar as current behavior must be historically integrated. But keep in mind that the marketing activity leads a business organization, steers it. It identifies need in the market place consistent with corporate capabilities. It opens doors to the future. Likewise in a human individual the marketing activity is one’s emotive perception of need, moderated by one’s ability to respond to it.”

Sal smacks his lips. “If you feel hunger and you have food, you eat. Right?” he says. “And so with all the other appetites.” He rubs his hands together and grins at Persist.

“There is a catch,” she says.

“What catch?”

“It is this matter of historic integration. If we simply glut ourselves without regard for the consequences, history will not use us well.”
Sal looks away with a belch. He is being intentionally boorish. “What’s past is water under the bridge. We don’t live in the past. We live now. How can history use us badly?”

Persist studies the human animal facing her, wondering who she is talking to. “We are products of the past in anticipation of the future. ‘Now’—the present—is the integration of history embracing past and future. If we glut on anything we get sick. We have not been historically conditioned to handle excess. There is a balance involved in all this, something to be given for everything received.”

“In business, yes. Everything has a price. But so long as people have the money to buy, there is nothing to stop them.” He smacks his lips again and starts picking his teeth.

“There is another currency of exchange that determines the performance dimension in the human equation,” she says.

“Only money. It all comes down to money. If you’ve got enough money you can buy anything that you want or need.”

“You can’t always buy the kind of energy that you need or want. This is a different medium of exchange.”

“Energy? We’re not talking about the petroleum authority. What do you mean, energy?” Sal enjoys talking down to more junior employees, even if they are female. He is still picking his teeth, but does cover his mouth with his other hand.

Persist seems to see through him. “I’m talking about the primitive emotional brain, how it works. The medium of exchange is emotive energy. This is what fuels the mentation process. It tends to color or determine everything that we do according to our wants. But we don’t always entertain the right emotive energies. We don’t always make an appropriate selection of perceived needs. Then the other two brains have a difficult time of it. Even if the right brain finds the potential to develop the idea, and the left brain is able to make a commitment, the outcome may not be consistent with the history of the individual. The personal enterprise may falter because of an inability to historically integrate the experience.”

“Sort of like a company that diversifies the wrong way, you mean.” Sal suddenly seems anxious to keep the conversation away from the contradictions in his personal life.

“That’s one side of it,” Persist smiles. “A garage mechanic isn’t likely to successfully expand into the candy business, just because he may want to.”
“Well I’m going to stick with what I know. Selling.” Sal is making progress.

You are impressed with Persist, with her knowledge and her ability to use it sensibly. She has answered some of the questions in your mind and raised others. You set them aside for the moment and return instead to the question of common accord in a business enterprise. The three dimensions to the integration of human experience make the idea of common accord all the more attractive, almost tantalizingly so. You are not sure how to describe it.

“This discussion raises another possibility in a company such as ours,” you begin hesitantly. “We agree, I think, that common accord does not mean universal agreement. In fact we can each be in accord with that thought while holding diverse opinions about it. But now we have seen that there is a substrate to the organization of human experience itself that is consistent with the organization of a company. This carries with it remarkable implications. A human being can be in accord with a business. I don’t mean just one human being, as has sometimes been the case where the owner or manager of a company uses it as an extension of himself, at the personal expense of everyone else involved. I mean that every employee in a company can be in accord with its organization.”

Sal punches his fist in the air. “Teamwork!”

“Not teamwork, Sal. Not blind identification with the prevailing opinion. And not selling your soul to the company stores. Something much better. Each employee, from the top to the bottom of the company, can be in accord with how it is organized, and thus be in mutual accord with one another. Even while they may mutually disagree on any number of issues, everyone’s actions will be mutually complementary toward a common result. Disagreements will not impact the quality of the company’s product or the efficiency of the organization. People can believe whatever they want. They can live by their own conscience without being coerced to toe some executive’s idea of the ‘company line’.”

“Well I’m very glad that we don’t have to agree with you on that, Pres.” Sal is feeling his oats, as if he has been given license to say whatever he wants to the boss.

You look him steadily in the eye. “I may not be receptive to your disagreements either, and I may still promote ideas whether you agree with them or not. The fact is that the majority of your opinions have little to do with the performance of the company. You have a job to do, the same as the rest of us, and you will be expected to do it. By everyone.
The whole organization is dependent upon everyone in it. Each person must be committed to the performance of their own job.”

“Are you talking about transparency?” Perse asks. “Are you pointing out again that the three dimensions render the organization transparent from top to bottom? From the beginning you have stressed that everyone should see their part in relation to the whole, so that they can know their responsibility and their worth to the organization.”

“That’s part of it, of course. But I am searching for another word, to describe how each person’s independent actions enhance those of others, like notes played together on a musical instrument. If the notes are chosen at random, without knowing anything about music, they will be in discord. But if one understands musical composition, the notes will be in harmony. They will be in mutual accord. It is a matter of how the notes are organized, one with respect to another, just as it is a matter of how the activities of a company are organized, one with respect to another.”

“Resonance,” Mark I interjects.

“What’s that?”

“Resonance,” he repeats. “Maybe the word you are looking for is resonance.”

“Resonance! That’s it. That’s the right word.”

“You are surely not suggesting that we should all be musicians,” Sal says. “People have been preaching about working in harmony since the world began. What has it all accomplished? Nothing.”

“But this isn’t preaching. Words won’t make people get in step. Words won’t convince everyone to march in somebody’s army. The point here is that we don’t have to agree to act in accord. That’s the ticket. By structuring an organization so that everyone is in a position of accord, it has resonance, no matter what the tune or who is playing it, or how.”

Oper is rubbing his forehead again. “You mean that people begin to feel the benefit of the efforts of others?”

“Yes. And they begin to feel the benefit of their own efforts to others. The organization begins to resonate. Everyone in it begins to resonate. And it’s not a big deal, that’s the secret. There is no need for hype, no nagging to get along, no need to jump on a band wagon. People are not mindlessly expected to play a part in someone else’s marching song. Resonance just happens, that’s all. It’s ordinary. It happens because that is the way that experience is integrated. The organization is a coherent whole. People not only know their part in relation to the whole, they feel it. They are one. They are a coherent whole because the organization is a
coherent whole. They are at one with the organization. No amount of preaching can make people believe it. They don’t have to believe it. They feel it in their performance dimension. Their primitive mind knows, and their potential and their commitment is enhanced accordingly.”

“That’s quite a statement,” Oper remarks, blinking his eyes. “You make it sound like the salvation to everyone’s problems.”

“Of course it’s not. People still have to work to solve their problems. The tragic thing is that the way organizations are currently structured, there is often no solution to people’s problems, no matter how hard they work at them. People rarely find satisfaction in their jobs these days. And it isn’t the work that gets people down; it’s the discordant political forces. It’s the needless bureaucracy that thwarts every move. It is the mind set that goes with forever striving for political control, yet if control is achieved it is at the expense of others in the organization. It is the back stabbing that has everyone looking over their shoulder instead of doing their jobs. It is this senseless conflict that is structured in, just as surely as if you cross wired a car. It is the wasted lives and talents tossed on the rubbish heap of frustrated ideas. The structure of the organization determines the plot in this grizzly scene. Without insight into the three dimensions everyone is left clawing blind for a bit of integrity. But a properly structured organization concerns the very nature of integrity. It concerns how experience is integrated.”

“Integrity concerns the integration of experience? I had never thought of it that way,” says your old friend Mark I. Des speaks up. “I never realized that you were such a philosopher Pres. Can we solve the age old struggles for truth, beauty, goodness and unity within the context of a business organization?”

You ponder a moment. “I don’t think that this is for me to say. But we can structure our organization so that the struggle for redeeming human values is not thwarted from the outset by discordant forces that are just as surely detrimental to the success of the business. We can provide a place where creative and responsible people can thrive.”

“Are you suggesting that business organizations are usually detrimental to people’s lives?” Is Des trying to trip you up?

“Not intentionally, but very often they are. Without insight into the three dimensions, we become slaves of blind forces that can wreak havoc with people’s lives to no useful end. And when people are fighting for their political and social survival they don’t focus on wider issues of importance to everyone.”
“You mean in terms of equitable working conditions within the organization?”

“That and a lot more. Take a look at the world around us. It is threatened on every front by our industry: global pollution, intractable social problems, mounting population pressures in a threatening world that is increasingly bereft of meaning. I shouldn’t need to elaborate.”

Con’s eyes have drifted back to the yang and yin wall hanging. He seems to have drifted off to the celestial realms of the Gods. He has Chinese blood. “We have heard how the integration of human experience can be in accord with how we structure our organizations to function,” he says thoughtfully. “And we have heard how this accord can give rise to resonance. It seems that insight into the three dimensions can bring yang and yin into a healthy balance, like the hexagrams of the I Ching.”

“I’ve been wondering too,” says Des, exploring a similar theme. “Our potential dimension depends upon intuitive insight into the structural dynamics of the creative process. But our commitment is through our social structures, while this whole mentation process is fueled by emotive energies from our ancestral roots in the biosphere.”

“Ancestral roots in the biosphere?” Sal is at sea.

“The primitive part of the brain. You know, the crocodile and the horse.”

“Well why don’t you just say so.”

“The thing is that the structure of the creative process must also dictate the evolutionary patterns that emerge in the biosphere, including the fact that the integration of human experience requires insight into the three dimensions. The three dimensions must themselves be a reflection of how the creative process is structured.”

“Well so what?” says Sal, not comprehending.

“So if we have an insight into the creative process, that insight transcends the whole of creation, the whole of history.”

“Our own birth and death? Impossible!” says Oper, blinking again.

“That would place us apart from the whole of creation, outside our own roots in the biosphere.”

Des looks at the ceiling again, as if to make sure it is still there. “That would seem to be so. Isn’t that strange? Outside and inside both. Apart from creation even while we are part of it.”

Although you are a Theravada Buddhist, without the Taoist background, you can see the correspondence between the dhamma and the tao. And you know that this is not the private property of any religion. It
concerns the nature of reality. “Perhaps that is the significance of non-attachment. Can the whole creative process be transparent?”

NOTES:

1 The limbus of the cerebral hemispheres has been identified as phylogenetically older cortex, distinct from that of the rest of the hemispheres (neocortex). There is an especially large bundle of nerves, the fimbria and fornix, which connects its parts and carries fibres from it to the hypothalamus, thus linking it intimately to the autonomic nervous system. The gyrus cinguli and the parahypocampal gyrus are also considered part of the Limbic System.


4 In Figure 21-1, notice that autonomic triad functions parallel to the somatic triad to fuel the energies essential to somatic behavior, and that both of these triads reciprocate with the cerebral triad through the limbic polarity. (Note that both the somatic and autonomic triads share a common parasympathetic polarity, since both are restrained by the energy resources available.) Cerebral mentation is the market for autonomic activity that gives rise to feeling, and emotive feeling is the market for
conscious cerebral mentation. This reciprocal relationship between cerebral mentation and autonomic feeling seeks a mutual balance through appropriate behavior. The structure and function of the human nervous system, synapse by synapse, is explored in Part II of *Science and Cosmic Order: A New Prospectus*. Also see *Fisherman’s Guide to the Cosmic Order*. 
CHAPTER 22

TRANSPARENCY OF THE CREATIVE PROCESS

“So what do you think? Have you followed the story? Have I shown what I promised? Is there historical, social and scientific evidence in human experience to show how experience itself is organized and evolves?”

“What?” you shout, slightly enraged. “You’re going to stop now? Just when we’re getting to the dicey part?”

I am a little taken aback. “I ...I didn’t think you’d be interested. I have tried to present a case for what I said at the outset, that’s all. There is no need to drag things out. No offense, but you don’t strike me as the sort that is interested in philosophical questions, much less matters to do with transcending reality.”

“Now that’s being very presumptuous! I must say that you have gone to a lot of trouble to make a case for the way you see things, and then you stop short, without the slightest indication of why things are as you see them. You throw up a smoke screen, a cover. You make your case, then shovel the whole lot under the rug!”

“Is that so! And what rug do I use as a so-called smoke screen?”

“You’re very handy with that word transcending. You throw it around like a Frisbee. Transcending reality indeed! Just what is a transcending reality?”

“With all due respect, my friend, we had this out at the very beginning.”

“Well that’s news to me. I hardly remember the word being mentioned, but you’ve sure been tossing the idea around of late.”

“Just hold on a minute! I pointed out then that you yourself believe in an order that transcends space and time. You believe that there is a meaning implicit in language that is universally understood from generation to generation, transcending the passing of events.”

“So universal understanding is a transcending reality? Is that what you mean?”
“I didn’t say that, exactly. I did indicate that a transcending reality does imply a universal basis to the whole of experience. There are both universal and particular aspects to experience that are interdependent. But the universal aspects can hardly be confined to a particular form that is evident in space and time. Universal aspects manifest as characteristics of all particular forms in space and time. They may be universally evident. They can be so obvious they are often overlooked. In this age of confusion and conflict we tend to focus on the particular differences in experience.”

“When you go off talking a blue streak about universals and particulars and transcendence you might as well be speaking a foreign language. Give me a translation in plain English!”

“It’s all very straightforward. Everything in the physical world around us has a particular form. A particular stone has an individual shape and texture. You throw it in the water and it will make a particular splash, a specifically formed plume of water will rise and fall, while a series of rings will widen across the surface. Every stone thrown into water will form similar patterns. In each case there is something universal in the patterns that can be identified, and yet that something has no independent physical existence in space and time.”

“What do you mean by no independent physical existence in space and time? Speak plain English!”

“You are a little thick.”

“Just skip the insults and get on with it.”

“Sorry. Pick up a stone. Now look at it, feel it, smell it, taste it if you want. This is one particular stone. Others are laying around all over the ground. They each have a different size and shape. Each particular stone is separate and distinct from all others, with individual characteristics of its own. But there are other characteristics that are the same in all stones, by which we identify them all as stones. They are hard, heavier than water, generally tasteless and odorless, brittle texture, they occur naturally and so on. Now these universal qualities do not physically evidence themselves separately as one universal archetypal stone by which we know all particular stones. We can say that these universal characteristics transcend all particular stones. But they are still real characteristics that reside within each and every particular stone that we see or touch. Understand?”

“That helps. So the three dimensions to the integration of human experience are universal?”
“Yes. Although human beings are much more complex than stones, no human being is exempt. Although individuals may be drawn to very different qualities of experience, and arrive at vastly different balances between the three dimensions, the latter are always fundamental to how experience is integrated.”

“Well let’s suppose I’m an alien from outer space, visiting earth,” you say with a contrary tone in your voice to match the malicious glint in your eye. “You’ve already supposed that I am all sorts of things, so that shouldn’t be too hard to imagine. I come from a planetary system circling an obscure sun in the constellation of Virgo. I breath ammonia gas, I eat silicon sandwiches, I drink liquid methane, and I have sixteen eyes. Are the three dimensions still fundamental to how I integrate experience?”

“Whoa! Hold on here a minute! You’re making a lot of assumptions about what kind of life forms are possible in the universe. Breathing ammonia is hardly consistent with eating silicon and drinking methane. I presume that as a living organism you have evolved on your planetary system along with a complex host of other organisms with whom you share certain metabolic processes in common. A synergy has undoubtedly arisen between you that accommodates the laws of chemistry. There is a very high probability that your life form is carbon based, and that it is dependent for its energy on plants of some kind that evolved before you did, and that can store your sun’s energy.”

You throw out your arms like a pair of branches and make a face. “Maybe I’m a walking plant. It doesn’t matter. Are the three dimensions fundamental to how I integrate experience?”

“They must be.”

“Why?”

“If you are an intelligent creature, capable of space travel to get here, you must have the ability to draw on your own experience, to learn. That means that you must have some way to reflect on experience, on your performance. You must have something similar to an autonomic nervous system coupled to cerebral hemispheres and a conscious recall process in order to do this. This apparatus must be implicated with memory if you are to be able to reflect on emotive experience and draw conclusions from it. Furthermore, if you are building a space ship to get here, you must be able to deal with your experience in abstraction, so you must either have language or some ability very much akin to it. But if you have language you must be a social creature, capable of making social commitments. And if you can deal with experience in abstraction
then you must also be blessed with an intuition of meaning, associated with the ordering of experience. Otherwise you could not have ideas with potential. So you see, the three dimensions are implicit in the very nature of intelligence. Every intelligent creature in the universe must depend upon them to integrate experience, to make sense of it. The transparency of the creative process depends upon them.”

You twist your head to one side and look at me with one eye, like a parrot focusing on one field of vision. “So you are saying that experience is predetermined, right?”

“How on earth do you arrive at that momentous conclusion?”

“It is simple enough,” you say, looking down your nose. “You are telling me that all intelligent life forms evolve to acquire insight into the three dimensions as the very basis of their intelligence. It naturally follows that this insight is predetermined for all intelligence that evolves in the universe. All intelligence must parrot the three dimensions.”

I put my hand on your shoulder. “Old chum,” I say condescendingly, “all clouds in our sky form because water vapor condenses, but that doesn’t mean that it will rain tomorrow. Clouds are not predetermined in the sense that you can infallibly predict their shape or size or the weather.”

You push my hand aside and move back a step, annoyed at my paternalistic tone. “Maybe not. But you surely mean that the nature of intelligence is predetermined, just as surely as the nature of all clouds is damp.”

“Of course. If you put it like that. What are you getting at?”

“A simple question. How is it that the nature of intelligence is predetermined?”

“Simple answer. Because that is the way the whole of experience is organized. If it is whole, it must be one. And if it is one, it must be integrated, spanning transient events in space and time. This is how the creative process itself is organized.”

“So now we are back to what you had Des talking about at the end. You are saying in effect that the creative process is itself intelligent.”

“We might guess as much from our own creative endeavors. We can’t throw lumps of wet clay in the air and expect the wind to form them perfectly into flower pots. Much less should we expect that random chemical accidents can produce living creatures, not to mention intelligence.”

“So you are suggesting that there is a transcending intelligence directing the evolutionary process in order to evolve intelligence?”
“Look, I don’t think that it is necessary to get into this. I have made a case to show how experience is organized and evolves. And I have shown how to structure our organizations accordingly, to everyone’s mutual benefit. Let’s just leave it at that. Let’s drop it, OK?”

“Why should we drop it there?” you insist with hauteur. “The whole argument is obscured by your cryptic references to transcending reality. If I am not mistaken, you must be talking about intelligence other than human.”

“Oh stop it! You are the one that brought up aliens from space.”

“Don’t drag that red herring into the argument. It’s completely irrelevant. You are implying that there is intelligence other than human directing the evolutionary destiny of man. Transcending intelligence! Would you have me believe this?!!? You go on about the merits of an organization structure that can enhance the creative potential and benefits of all concerned, then you throw this at me. Now we have a new God to anticipate and obey, a new Big Boss up in the sky. Next thing you’ll drag engraved slabs of stone down from the mountain top.”

I shake my head. “You’re some kind of fanatic! A hyped-up reactionary. I’m not going to let you pull me into a debate on religion. Let’s drop it, I told you. This can’t go anywhere.”

“Sure. Let’s drop it, you say. You’re the fanatic. You throw the two structural constraints and the three dimensions at me. You show how it is beneficial to us all to structure our organizations this way, how the quality of life can be improved, how we can all resonate in mutual accord and live happily ever after. Isn’t that sweet! Welcome to the new heaven on earth, our manifest destiny, the perfect transcendent intelligence fulfilled. Paradise forever! Hallelujah!”

“Stop raving and think for a minute. Examine what you say. Would you condemn us all to perpetual ignorance and senseless strife? Use some intelligence. You are the one that is promoting blind belief.”

“Me? Promoting blind belief? Belief in what, pray tell?”

“Belief in nothing but chaos. Belief that all life is an accident and intelligence a mirage. Yours is a mindless religion. You turn your back on all evidence to the contrary so you can wend your merry way unperturbed by matters of truth.”

“Rubbish!” you say getting angry. “We had this out in the beginning, if you will recall. You were the one promoting chaos.”

“I was leading the discussion toward the nature of order. And you insisted then that there is some permanence to meaning that can survive the chaotic transience of events. But now, when you see that permanence
to meaning concerns the nature of transcending intelligence, you want to renege and confuse the issue. You can’t have it both ways and still claim coherence for your argument.”

“And you want to cast transcending intelligence in the role of directing human affairs. You want to make us all robots of your totalitarian beliefs. Then you, as the progenitor of the new faith, assume the omniscient role of the transcending intelligence itself. You want universal acceptance as a god among men.”

“Utter rubbish! Examine the facts. Are you suggesting that anyone that makes intelligent sense of the factual evidence of experience, to the benefit of all, has self-supremacy as an ulterior motive? I have gone to great lengths to show that the benefits of insight into the three dimensions in a business organization derive from transparency, that everyone can see their part and place in relation to the whole. There is no one special in this regard. There is also an analogue, concerning how the three dimensions of human experience relate to the whole of experience.”

“And an analogue? The whole of experience is transparent? You must be joking.”

“It’s no joke. It’s serious business. We have already seen that intelligence requires insight into the three dimensions. These three dimensions concern all creative activity. Since the whole creative process is involved, including our own evolution as a species in the biosphere, insight into the three dimensions transcends our birth and death in space and time.”

“Preposterous! How can the whole creative process be involved in one person’s intelligence? How can our intelligence transcend our birth and death?” You slap your forehead. “That’s complete nonsense! You say yourself that our brain is involved, pardon me, our three brains. But we didn’t have them until we were born, and we don’t take them with us when we go. Ludicrous!”

“Is that so! Every thought that you have is indebted to your evolutionary ancestry. Our organic form is tens of thousands of years old. The roots of our speech goes back even further to earlier species of man. And our vertebrate format has been worked out over hundreds of millions of years. Do you really believe that you are unique as a human being, that you came into existence mere decades ago? Do you really believe that your development as a human being, over the ages, will terminate in another few decades, or perhaps next week in a car crash? Can you seriously believe this when your every sense perception, every response,
every feeling, every thought, every intuition is indebted to the history of
the planet, when every atom in your body is as old as the universe?”

“And every cell in my body is changing all the time. So you can’t
tell me that I’m as old as the universe. Every cell in my body will one
day rot in the earth, “you say, as if proud to be marching to oblivion.

“Will your intelligence rot? Insight into the three dimensions has no
organic substance. How can it rot? It is related to how the whole of ex-
perience is integrated, including the birth and death of your body. What
is it that gives life to the molecules of your body except the intelligent
pattern of their organization?”

“So you are trying to tell me that we can come into a common ac-
cord with the integration of the whole of experience? We can resonate
with the cosmos, just as we can resonate with a company?” Your words
are saturated with ridicule.

“And you are trying to tell me that we miraculously acquire intelli-
gent powers as an organic consequence of our birth, and that we live
oblivious to any transcending meaning to life?”

“There is absolutely no physical evidence to the contrary.”

“Of course not. Intelligence is not a physical phenomenon. Neither
is truth, or justice, or beauty, or meaning of any kind. Yet these are real
qualities of experience.”

“You are talking about human values, but human values are not
absolutes. They culturally evolve and change with time. Values are cul-
turally biased. You know that.”

“Culturally biased they may be, but that doesn’t mean they are de-
void of universal significance. You want to throw the baby out with the
bath water.”

“If values are biased they are defective,” you insist.

“They still contain elements of truth. And intelligent beings can
direct physical changes. Western culture is far from perfect, including
our science, but we can send rocket ships to the moon nonetheless.”

“You are intentionally confusing the facts. What are you trying to
say? Be specific.”

“Think for a moment. Values are the only reality. We are talking
about the nature of truth, and truth is a value. Moreover it is a value that
everyone believes transcends our earthly existence.”

“Not everyone.”

“Yes, everyone. Even if you believe that our evolution is a mindless
accident, this belief asserts your perception of a truth that transcends
your birth and your death. But if truth is a value, it is intelligently per-
ceived. So you are faced with a contradiction in terms. You espouse a universal truth that you can never confirm in your experience, because when you die you are faced with the certain prospect of oblivion. Your existence on this earth is meaningless.”

“Come now. This is a shallow anthropocentric view. Every educated person knows that. Why that is the reason that religions have evolved in the first place, to shelter us from this adolescent terror. Mature people rise above it.”

“Do they now. More terrifying still, is that while you live you have no credible basis on which to base your actions. You believe that all values evolve culturally, replete with biases. The only motivating factor in your life can be your own organic gratification, by whatever means you can get it and still get away with it. There is not the slightest reason that you should have the least regard for anyone but your own fleshy self. Greed, manipulation, deception, contempt, must inevitably become your ultimate values. But you will mask them of course. You will clothe them in their opposites to get your way.”

You clench your fists, ready to fight. Your face is a thundercloud. “Reduced to name calling, are you? I might have guessed as much from a barbarian. You expect me to believe that of myself? Well I’m above it. You’re the beast with the loathsome language.”

“Of course you don’t believe it. Nobody does. You’re an intelligent human being. Yet nobody takes the trouble to think it through.”

You are still angry but seem somewhat appeased. You give me your one-eyed look, with the other eye. “But you would have us all marching to a tune of universal intelligence, to your personal perception of God.”

“Let’s leave God out of it.”

“What else can universal intelligence mean?”

“You know that debates on traditional religion go nowhere. Neither does science have all the answers. The point is that these rules of structure do not proselytize any specific belief system. A person can believe whatever they want to. They are free to explore and make sense of their experience any way they wish. And they can do this intelligently. They do not have to blindly believe that profit or exclusive self interest is the sole overriding motive of business.”

You squint suspiciously through your eye. “OK, ...for now. Let us assume that there is such a thing as universal intelligence. What role does it play in human affairs?”

“Why it is essential to redeeming human values, of course.”
“How can you make such a wild assumption?! You make these statements out of the blue, as if they came from heaven.”

“That is not an unsubstantiated statement. I already pointed out that without a transcending basis to intelligence we are all morally bankrupt. It is the interplay between the universal and the particular that determines the nature of meaning and values.”

“Just how do you figure that?”

“You keep forgetting the conversation. We already talked about stones, remember? We identify a particular stone as a stone by characteristics common to all stones. It is the interplay between the universal and particular aspects of being, between one and many, each and all, that determines meaning. That’s how I know what you mean when you talk of a stone, or a house, or a cow, or anything.”

“Sure, but just how does that translate into values?” You give me a disparaging look. “You keep trying to slip one past me.”

“Do I have to spell everything out? When we talk about intelligence it is much the same, because intelligence universally depends upon insight into the three dimensions. Even our organic form has evolved to work this way. There is an interplay between the particular intelligence of each of us, in our particular context, and the universal interdependence of all intelligence. Values derive from this interplay.”

“Wait a minute. You also made a case to show that if we believe there is no transcending intelligence, then greed and deceit become the ultimate values. That’s inconsistent with your argument. They are values none the less, so therefore it is possible to have values independent of universal intelligence.”

“Yes, of course. A person can believe this if they wish. But these values do not lead to the integration of experience. They emphasize the particular to the exclusion of the universal. One becomes isolated from the whole of experience by striving toward self-supremacy to the exclusion of others. And one may succeed at this game in the world of material values. The potential of one’s ideas then revolves around appetites of the organic self. One’s commitment is to a conjured idea of self to the exclusion of others. But the performance dimension cannot find integration with the evolution of the human species. A person may thus invite their own psychic demise.”

“Now that’s a barbaric conclusion.”

“Hardly. One embarks on such a course with a fervent prior belief in their own ultimate extinction. People choose their own folly.”
“Folly is it? Look at the other side. Look at the atrocities that have been committed by true believers in a great beyond. There is where the real abominations abound. Reflect for just a minute,” you implore. “People can transcend their own conscience in the fervent belief that they are acting with impunity in the interests of a grand transcending design. They will massacre for a holy cause and believe they have done the right thing.” There is a maniacal look in your eye, like you have me cornered at last.

“Doesn’t this come down to an amplification of the same problem? Aren’t people that are caught up in this kind of madness identified with the supremacy of self to the exclusion of other than self?”

“But they identify with a transcending purpose that they see as universal. Don’t you see? They achieve a glorious feeling of unity in oppressing and mutilating their brethren. And they become mobilized in vast numbers. Aye, that’s the thing! These horrors far outweigh the paltry carnal greed of an individual cheating his friends and neighbors. And here you are preaching to me about transcending reality being the basis of values. Here you are talking about resonance and common accord in organization, associated with the integration of experience, with that same glorious feeling of unity. Excuse me, old buddy, if I have trouble with that.”

“For the reasons that you give I am happy that you do. But don’t saddle me with all of the mistakes of history when it is these that I am addressing. I am not promoting blind belief in anything. I have shown that the integration of experience is dependent upon insight into three dimensions that are structurally distinct. This is true of all possible varieties of experience. There is nothing to promote, because there is no escape from this reality. So if we can intelligently implement the two structural constraints in structuring our organizations, we can bring our mutual actions into mutual accord without imposing universal agreement as a prior condition. We must structure our organizations in any case, so where is there merit in building in conflict that need not exist?”

“But then you turn around and say that values derive from the interplay of the universal and particular—all values. What has that got to do with it?”

“I told you before to drop it, but you wouldn’t listen. The truth is that human values have universal characteristics that transcend human experience. Even a highly developed social alien like yourself, from a planet in the constellation of Virgo, must know of values akin to ours:
love, mercy, compassion, truth. These aren’t the exclusive property of humans on our little backwater earth.”

“That’s just more of your adolescent anthropomorphism. Wish fulfillment. Investing the universe with human values.”

“You’ve got it backwards. It’s the opposite view that claims universal values to be the property of humanity alone that is anthropomorphic.”

You shake your head in disbelief. “Have we now come to a stalemate over what’s anthropomorphic? Good God!”

“It doesn’t matter. It is the way it is and neither of us can change it. Each of us is the same and different at the same time, both one and many. If I inflict pain upon you I suffer too. Redeeming values emerge when we begin to see unity in our diversity, when we find constructive ways to reconcile our differences. This is what I mean by the integration of experience, not the obliteration of our differences. It must be a universal theme.”

“I have another question, since you are so sure that the three dimensions concern the intelligent integration of all experience.”

“What is it?”

“The three dimensions derive from the six activities in polar pairs, right?”

“Right.”

“And the independent delegation of each of the six activities is the first structural constraint, since this is essential to maintaining insight into the three polarities, right?”

“Right.”

“Then the second structural constraint concerns delegation consistent with the four step hierarchy.”

“That’s right. Delegation proceeds from the functional level, back up through the supervisory and administrative levels to the managerial level. They involve different kinds of thought and work.”

“These levels are likewise universally apparent in any creative undertaking?”

“On careful inspection, yes.”

“So where are they in our biological evolution?”

“That depends upon the context of your question. If you want to confine the question to our cultural evolution from hunter clan, to country town, to nation city, to cosmopolitan metropolis, then you have the answer in the early chapters. If you want to expand the context to include the evolution of the vertebrates, then you have the answer in our development from the reptiles up through the lower mammals, then the higher
mammals, to the advent of man with language. If you want to expand the context further to include the evolution of life on the planet, then we must talk first about the plants, then invertebrate animals, then vertebrates, then man.”

“So then you believe that man has a dominant place in the evolutionary hierarchy?”

“Man has a more responsible role to play in the hierarchy. That’s not consistent with domination.”

“Once again, isn’t this more than a little anthropocentric? You really are a hard case. Why do you insist that man is special?”

“Why are you so exasperating? Look at the evidence staring you in the face. The most obvious reason is that we have already meddled to such an extent that we threaten the very survival of the planet. Survival dictates that we must accept a more responsible role. You can’t help but know that.”

“Is that it? You look at me, incredulous. “You believe that man has a more responsible role because we have been irresponsible? I must say that is typical of your logic,” you add with a sneer.

“Will you quit trying to pick a fight, and listen.”

“You mean there’s more?”

I ignore the abuse. “A less obvious reason is that all six activities only become delegated at forth stage delegation. Of all the earth’s species, only man is endowed with creative intelligence that can reach for the heavens and span the whole of space and time. This isn’t an idle assumption on my part. Look around at what our science and technology is doing. This is because only man has independent insight into the three dimensions integrating the whole of life in the biosphere. We are the whole biosphere. The format of the eukaryotic cells in our body was worked out by the plants. Stimulus response routines were worked out by the invertebrates. The conscious modulation of emotive patterns of behavior were worked out by the vertebrates. And man must bring emotive patterns into balance with social commitment through intelligent insight into the creative process.”

“And this is an analogue of business organization? Are you suggesting that our business organizations could be instrumental in coming to terms with the environment? That’s a good chuckle!”

“We must either bring our activities into accord with our natural heritage or eventually perish. I shouldn’t need to tell you. We are only just becoming aware of the kind of adjustments that this may require. Business organizations need creative, responsible people to survive. But
the survival of these organizations likewise depends upon how creative and responsive they are, and this depends upon insight into the three dimensions. Structuring organizations to function intelligently is a first step toward coming to terms with the environment. In any case it is in an organization’s best interests to do so.”

“Another question.” You are wearing a sly grin.

“You are a curious sort.” I roll my eyes up. “What is it this time?” I sigh.

“If the creative process concerns the integration of experience, a kind of unification, why are there two structural constraints? Isn’t two an embarrassment? How can there be two when unity is the objective?”

You suppress a chuckle.

“Finally! A good question.” I say it with emphasis to sober your mood. “They both derive from the universal and particular aspects of experience. But that is another story.”

NOTES:

1 The interdependence of universal and particular aspects of experience has been suggested or implied by many thinkers throughout history, from Plato’s Theory of Forms, to Leibniz’s universal language, to Russell’s Logical Atomism, to Koestler’s concept of the Holon, to mention but a few. The whole of science is in fact a search for universals in the form of laws as they relate to particular events. The dynamic interdependence of universals and particulars is explored by the “System” introduced in Fisherman’s Guide to the Cosmic Order.

2 The organic evolution of the biosphere is a four level hierarchy moving up from the plants, through the invertebrates, to the vertebrates, to man. The plants have worked out the functional form of the organic cell, giving a variety of collective forms to living processes. The invertebrates have worked out a host of active routines in sensory-motor responses to the environment. The vertebrates have assimilated a mass of knowledge through the reflection of emotive behavior in cerebral awareness. Man has developed a capacity for creative ideation through language and the consequent bilateral organization of the brain. This theme is also developed in Fisherman’s Guide.