

THE IDEAL EXECUTIVE

WHY YOU CANNOT BE ONE AND WHAT TO DO
ABOUT IT

A New Paradigm for Management

by
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The Ideal Executive: why you cannot be one and what to do about it

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This book is dedicated to my teachers who introduced me to the field of management:

In the sequence of my exposure to the field:

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Professor **Kirby Warren**, Columbia University, Graduate
School of Business

Professor **Bob Yavitz**, Columbia University, Graduate School
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ABOUT THE AUTHOR

Dr. Ichak Adizes is one of the world's leading experts in improving the performance of businesses and governments by making fundamental changes without the chaos and destructive conflict that plague many change efforts. Over the past 35 years, Dr. Ichak Adizes has worked with some of the largest commercial organizations in the world and has consulted to many heads of state. The methodology that bears his name has helped organizations in a variety of countries to achieve results and gain leadership positions in industries ranging from banking to food services, and in organizations as different as churches and governments. He is the Founder and CEO of the Adizes Institute. His work has been featured in *Inc. Magazine*, *Fortune*, *The New York Times*, *The London Financial Times*, *Investor Relations Daily*, *Nation's Business* and *World Digest*.

Dr. Adizes is also a noted lecturer and author. He lectures in four languages and has spoken in over 40 countries. He was tenured faculty at UCLA Anderson School of Management for 30 years and was a visiting Faculty at Stanford University, Columbia University and both Hebrew and Tel Aviv Universities. Dr. Adizes is the author of seven books that have been translated into 22 languages. His *Corporate Lifecycles: How Organizations Grow and Die and What to Do about It* (1988) is a well-regarded classic in management theory that was selected as one of the 10 Best Business Books by Library Journal. A revised edition was published under the title *Managing Corporate Lifecycles* in 1999. The list of all his works is at the of this book.

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Preface

WHY THIS BOOK?

Change is constant. The process has been going on since the beginning of time and will continue forever. The world is changing physically, socially, and economically. Change is here to stay.

And change creates problems. In fact, the greater the quantity and velocity of the changes, the greater the quantity and complexity of the problems we will have.

Why does change create problems? Because everything – *everything* – is a system, whether we are talking about a human being or the solar system. And every system is by definition composed of subsystems. When change occurs, the subsystems do not change synchronously. Some subsystems change faster than others. The result is disintegration, and problems are the manifestation of that disintegration. Any problem you might have – with your car, your marriage, at work – analyze it and you will find that something has fallen apart, and it has fallen apart because of change.

These manifestations of disintegration caused by change, which we call problems, require solutions. And whatever decisions organizational leaders make about how to deal with those problems will create new changes, and those changes will create new discontinuities and thus tomorrow's problems. The purpose of management, leadership, parenting, or governing – any form of organizational leadership – is to solve today's problems and get ready to deal with tomorrow's problems. And that means managing change.

How should it be done?

In one of my early books, *How to Solve the Mismanagement Crisis* (first published by Dow Jones Irwin in 1979 and subsequently reprinted several times by Adizes Institute), I introduced my theory of management: How to manage change, how to solve problems caused by change. The book, which presented a new approach to manage-

ment, was translated into 22 languages and in several countries it became a bestseller. It is taught in nearly every school of social sciences at universities in Israel, Denmark, Sweden, and Yugoslavia, among other nations, and is still in print in the United States, despite being published almost 25 years ago.

As my knowledge of the subject increased with the experience of working with hundreds of companies in 48 countries, I expanded each chapter of that book into a book of its own. The chapter on corporate lifecycles became *Corporate Lifecycles: Why Organizations Grow and Die and What to Do About It* (Paramus, N.J.: Prentice Hall, 1989). A new and enlarged third edition of this book has been published in 2004 as a series of three books by Adizes Institute: *Corporate Lifecycles: Volume 1: HOW Organizations Grow Age and Die*; *Volume 2: WHY Organizations Grow Age and Die*, and *Volume 3: HOW to Manage Balanced Growth and Rejuvenate Organizations*.

The chapter on how to bring and keep an organization in its Prime condition of vitality became *The Pursuit of Prime* (Santa Monica: Knowledge Exchange, 1996, also reprinted by Adizes Institute), and the chapter on how to manage change grew into a book titled *Mastering Change* (Santa Barbara: Adizes Institute, 1992).

The parts of that introductory book that did not get expanded are being elaborated now in a set of three books, of which this is the first: *The Ideal Executive: Why You Cannot Be One and What to Do About It (A New Paradigm for Management)*. In this book, I discuss why management education is barking up the wrong tree and why no one can be the perfect, textbook executive that management education is trying to develop.

The section on management and mismanagement styles – *not* collages of perfect traits that no one actually possesses, but the real styles of normal people – are covered in the second book, *Management and Mismanagement Styles*. In the third book of the new series I address the issue of how to deal with each management and mismanagement style: how to communicate, co-decide, implement, reward, manage change, etc.

It is not necessary to read the entire series in order to understand the principles discussed in these books; each book in the series can stand alone. That necessitates, however, that some concepts will be summarized or repeated from one book to another, in order to show the continuity of the logic: I cannot present point B unless the reader understands point A. In addition, because much has been learned during the past thirty years, a great deal of the information published in earlier books has been updated and corrected. Thus, for example, each book reviews the roles of management, and the ways in which those roles are incompatible. Even if you are already knowledgeable about those roles, I recommend that you reinforce your grasp of the material by reading the chapters that explain them.

THE BASIC PREMISE

A well-managed organization must be effective and efficient in the short and the long run, and the role of management is to make that happen.

In order to achieve a well-managed organization, I have found that four roles need to be performed, which I summarize as: **(P)**roducing the results for which the organization exists, which makes the organization effective; **(A)**dministering, for efficiency; **(E)**ntrepreneuring, for leading change; and **(I)**ntegrating the parts of the organization for long-term viability.

Think of the four roles as vitamins. For the health of an organization, these four “vitamins” are necessary, and together they are sufficient for the organization to be well managed. If one or more vitamins is deficient, a disease – mismanagement – will result, manifested by falling market share, lower profits, slow reaction to market changes and/or high turnover of staff, etc.

If one, two, or three roles are performed well and the others meet the minimum threshold of competence, a *managerial* style will be manifested. When **(I)**ntegration is among the roles a manager performs exceptionally well, a *leadership* style will emerge. (Why this seems to be true will become clear in this book.)

When one role is performed well, but the three others are performed below the necessary threshold of competence necessary for the task or not at all, a specific, predictable *mismanagement* style, depending on which roles are lacking, will result.

I have found that no one person can perform all four roles at the same time. A normal person can perform one or two roles at a time. Some, the rare ones, can perform three roles. A manager may be able to perform each of the four roles at various times and in the service of various goals, but no one can excel at all four roles *concurrently* in every situation.

Thus, my premise, which I develop in this book, is that the ideal leader, manager, or executive – ideal in the sense that he can fulfill by himself all the roles necessary for the long- and short-term effectiveness and efficiency of an organization – does not and cannot exist. And that is the problem with contemporary management literature: it presents what the executive *should* do, (because that is what the organization needs,) even though no one can do it. All the books and textbooks that try to teach us to be perfect managers, leaders, or executives are based on the erroneous assumption that such a goal is possible. This book explains why it is not. We are all barking up the wrong tree, spending millions of dollars to train and develop executives based on faulty logic.

Classic management theorists, including Howard Koontz, William H. Newman and even Peter Drucker, as well as the latest management gurus like Stephen Covey and Tom Peters, portray managers or executives as if they all have the same style and can be trained to manage the same way – ignoring the fact that different people organize, plan, and control differently. They present good management as a template. They appear to be focusing on what *should* happen. In reality, there are many styles of management and mismanagement. The permutations of various strengths and weaknesses are endless.

Focusing on what *is* happening instead of what *should* be happening leads inevitably to the discovery that people are individuals, with unique sets of strengths and weaknesses in their styles. In this book I offer an alternative approach to managing that is based on

what people can have and expect from each other – realistically, in spite of their inherent weaknesses.

One more point on what is different about this book: In recent years there has been a surge in theories about leadership styles, and many books have addressed issues of leadership – but their focus has been mostly on behavioral patterns, from a psychological perspective. I am not a psychologist. My orientation is purely managerial. I am interested in how different people decide differently, communicate differently, staff and motivate differently – and how I can help them perform better for the organization. Thus, this book is not based on theoretical frameworks from psychology, or interviews, or analyses of controlled experiments. Instead, the material discussed here derives from my more than thirty years of clinical (consulting) work in the field, working with organizations in 48 countries that ranged in size from fifteen employees to one hundred thousand employees.

ORGANIZATION OF THE BOOK

The book is divided into fourteen chapters, each of which poses a problem and asks a question, which the chapter proceeds to answer. Each solution, or answer, leads logically to a further question or problem, which is dealt with in the next chapter.

I deliberately chose to arrange the book in this adaptation of the Socratic method, because it both illustrates and mirrors the way life – including organizational life – works. Change poses problems, which require solutions, which when implemented pose further problems. It is a process, like the life of an individual – though unlike life, it does not necessarily end. If organizational change is approached in the manner I prescribe, organizations can go on growing and adapting to change indefinitely.

In Chapter 1, I discuss what the terms “managing” and “management” mean in the literature and why the management process is culture-bound and value-loaded – and thus not universal.

Chapter 2 presents a functionalist definition of management that is universal, value-free and is not culture-bound – by defining

and explaining the four basic roles of management. In Chapter 3, I show how and why those roles are incompatible and thus why the ideal executive does not and cannot exist. Chapter 4 describes five extreme archetypes of mismanagement styles, using the roles described in Chapter 2 as a code.

Since the ideal executive does not exist, are all organizations doomed to be mismanaged? In Chapter 5, I introduce a new paradigm for successful management: Complementary teams composed of mixed managerial styles. Chapter 6 deals with the inevitability of miscommunication and thus conflict among team-members whose priorities, speed, process, and focus can be wildly different because their styles differ. To prevent this natural conflict from becoming destructive, in Chapter 7 I discuss the necessity for a culture of mutual trust and respect (MT&R), in which *constructive* rather than *destructive* conflict can thrive.

How does one build that kind of culture? Chapter 8 focuses on designing a corporate structure that nurtures mutual trust and respect, where “good fences make good neighbors.” Chapter 9 describes how to match individual managerial styles to tasks in a correctly designed organizational structure.

But even having all the right people in the right jobs in the correctly structured organization will not guarantee an atmosphere that fosters mutual trust and respect. In Chapters 10 and 11, I introduce the topic of how the different styles must learn to communicate and deal with each other: both one on one (Chapter 10) and in meetings where multiple styles must interact (Chapter 11). The problem of communicating with those whose styles differ from yours is vast enough to require a book of its own; these two chapters are only an introduction to the topic.

In Chapter 12, I return to the role of leaders, who are needed to design the right structure, foster the right process, etc. Ideally, under the new paradigm of complementary team membership, leadership traits is what best executives should exhibit.

Finally, Chapters 13 and 14 focus on training and developing managers, executives and leaders, both within the organization and as

a revised mission of our managerial schools, so that this new paradigm shift can become a reality. In Chapter 13, I describe the evolution of management schools and training. I evaluate the current trends and conclude that, by starting with the wrong paradigm and using flawed assumptions to dictate the core curriculum, the management schools have flunked their biggest test. Chapter 14 presents some considerations for those who design and do training: What is the real purpose of managerial training? What skills are organizations hungry for? Can those skills be taught or can they only be acquired through experience?

STYLE OF PRESENTATION

Throughout this book I have most often used the masculine gender, because I found it cumbersome to switch back and forth and inaccurate to assign one gender to any specific managerial style. My insights apply equally to female managers. When, occasionally, I use the female gender to refer to a managerial style, again I intend my comments to refer to both genders equally.

Because my theories apply not only to business at all levels but also to statecraft, to marriage and parenting – in fact, to any relationship that must deal with change – readers may find the typology helpful in understanding their non-professional relationships. However, since I have written this book mainly for managers, I tried to minimize personal examples and anecdotes.

Some jokes and cartoons have been included, specifically to illustrate that as people go through their daily lives; these same issues present themselves again and again in different forms.

METHODOLOGY AND SOURCE OF DATA

This book summarizes for the reader my insights based on thirty years of work in the field of organizational transformation (“consulting”). Since my work as an organizational transformationist (therapist, con-

sultant or what I like to call myself the most is organizational sym-bergist®) and lecturer frequently takes me around the globe, I have been able to compare notes and share my observations with executives around the world.

I have treated companies in forty-eight countries that range from \$1 million to \$15 billion in sales or \$120 billion in assets, and employ anywhere from fifteen to hundreds of thousands of people. They are involved in numerous technologies, including aircraft, insurance, banking, the performing arts, museums and government agencies, in both the profit and not-for-profit sectors. I have also used my insights about leadership style to counsel several heads of state.

I've found that my insights on managerial styles are valid for all the countries in which I've lectured, including cultures as different from each other as those of China, Japan, Sweden, Mexico, Greece, Israel, and the United States. Managerial styles and behavior are independent of culture – although social culture, I have noted, tends to reinforce managerial styles.

APPLICABILITY

My approach to management is value-free and applies to all cultures, technologies, and industries with any purpose, whether the organization is profit-oriented or not-for-profit. It applies to organizations of any size: small self-contained units such as a family, mezzo-level organizations like businesses of any size, or macro systems like nations; in fact, I have organized the cabinets of three Prime Ministers using this methodology. In other words, this theory provides tools that can be universally applied to diagnose management, mismanagement, and leadership styles, predict behavior and recommend how to develop, train, and staff organizations, as well as how to communicate and reward staff, allowing organizations to achieve their goals with the least amount of wasted energy.

A REQUEST

I have learned from everyone who cared to share their thoughts with me. If any reader wishes to communicate agreement, disagreement, experience, or anecdotes, jokes or cartoons that illustrate the content of this or any other of my books, I would appreciate the feedback. Please write to me at the Adizes Institute, 2815 East Valley Road, Santa Barbara, CA 93108 – or better yet, send an e-mail to: Ichak@adizes.com.

Thank you.

Ichak Kalderon Adizes
Santa Barbara, California. 2003

NOTES

1. Frost, Robert: “The Mending Wall,” from the poetry collection *North of Boston* (New York: Henry Holt, 1915).

Chapter 1

Barking Up the Wrong Tree

PROBLEM: Despite the proliferation of management schools, the inflation of incentives and the flood of management books and consultants, the goal of finding or training the “ideal manager” remains as elusive as the unicorn.

A CORPORATE FAIRY TALE (THE OUTDATED PARADIGM)

According to the classic managements textbooks and best-selling guides, the ideal manager is knowledgeable, achievement-oriented, detail-oriented, systematic, and efficiency-oriented; organized, a logical and linear thinker; charismatic, visionary, a risk-taker, and change-oriented; and sensitive to people and their needs.

He can integrate all the necessary people to successfully achieve goals. He knows how to build a team while making himself dispensable. He judges himself by how well his *group* performs; by how well, together and individually, the group members achieve their goals, and by how well he facilitates the achievement of those goals.

He listens carefully, not only to what is being said but also to what is *not* being said. He understands the need to change, but introduces change cautiously and selectively. He is able to identify leadership potential among his staff and is not afraid to hire and promote bright, challenging subordinates. He is self-confident enough to respect people whose styles are different from his own.

He doesn't complain when things go wrong, but offers constructive criticism instead. His subordinates are not afraid to report failures; they know that he will be reasonable and supportive. He encourages creativity and looks for consensus in decision-making. He is charismatic, capable of motivating others to work hard to achieve the goals of the organization. He can delegate. He trains his subordinates systematically. He resolves conflicts diplomatically, respecting people's expectations and ambitions and appealing to their social consciences. He shares information instead of monopolizing it and using it to gain power.

He is driven by a strong code of values. He is analytical and action-oriented; sensitive without being overly emotional. He seeks results, but never by sacrificing the process. He systematically develops markets, production facilities, finances and human resources for the organization.

His organization is a well-integrated entity with defined goals, whose members fully accept and cooperate with one another. No dysfunctional behavior on the part of his subordinates is easily observable.

The problem is: Where on earth do you find this animal?

With the exception of ourselves, of course, there aren't too many of those managers around.

*“Who is wise? He that learns from everyone.
Who is powerful? He that governs his passions.
Who is rich? He that is content.
Who is that?
Nobody.”*

BENJAMIN FRANKLIN

Joking aside, the reason you cannot find this ideal manager is because he is perfect, and the perfect manager is as mythical as the unicorn. That's why I call this theoretical person “the textbook manager” – because he or she exists only in textbooks.

Expecting to find perfection is a characteristic of adolescence; we should have passed that stage by the time we reach adulthood. That is why I am bewildered by textbooks and schools that keep trying to produce something that cannot be produced. No wonder many executives are frustrated with their MBA-trained managers. No wonder, also, that management consultants are losing credibility and that management trainers are paid poorly.

WHAT IS “MANAGEMENT” ?

The *New York Times* once wrote an article about me in which it called me “the corporate exorcist”¹: I go from company to company trying to exorcise management from believing they can do that which they cannot.

What is it they cannot do?

They cannot find, or even train, the ideal manager, executive or leader.

Why not?

Well, before we can say why not, let’s define our terms. What do we mean by the words: “To manage,” “manager,” “management,” “mismanagement,” and “leader”?

I remember the day a door-to-door salesman tried to sell me the latest edition of the Encyclopedia Britannica. “What do you do, sir?” he asked. “I teach management,” I replied. “Well,” he said, “let’s see what the encyclopedia has to say about the subject.”

With increasing uneasiness on his part and bewilderment on mine, we soon discovered that there was no entry for “management” in the encyclopedia. There was management science, which involves mathematical models for decision-making. There was organizational behavior, which is the sociology of organizations. But plain simple management – what millions of people around the world do day in and day out – wasn’t there.

So, what is “management” as it is taught and practiced today?

1. **It denotes hierarchy.** When people use the word “management,” what they usually mean is a group of people whose role is to

manage. Each individual in this group is called a “manager.” “Management” refers to a certain rank in an organization; in the United States it generally refers to the middle and lower upper ranks – one level above supervisors and one level below executives.

2. It is **unidirectional**. A search through the Funk & Wagnalls, Oxford Illustrated, Random House, and Webster’s Third New International dictionaries found synonyms for “manage” including: “Accomplish,” “achieve,” “administer,” “alter by manipulation,” “be in charge,” “break in,” “bring about,” “coerce,” “communicate,” “conduct,” “connive,” “contrive,” “control,” “coordinate,” “cooperate,” “cope with,” “decide,” “develop,” “direct,” “do,” “dominate,” “educate,” “effect,” “evaluate,” “execute,” “gain one’s end with flattery,” “govern,” “guide,” “handle,” “husband,” “implement,” “influence,” “inspect,” “inspire,” “integrate,” “judge,” “keep in a desired state or mood by persuasion,” “lead,” “listen,” “make and keep submissive,” “make happen,” “make tractable,” “manipulate,” “mold,” “monitor,” “motivate,” “operate,” “order,” “organize,” “plan,” “react,” “regulate,” “render subservient,” “render submissive by delicate treatment,” “restrain,” “review,” “rule,” “run,” “steer carefully,” “succeed in one’s aim,” “supervise,” “take care of,” “take charge,” “teach,” “train,” “treat with care,” “utilize,” and “wield (a weapon).”

Is there a common denominator shared by all these synonyms? Yes: They are all a one-way process. The managing person is telling the managed person what to do. In this context, “motivating” makes the assumption that the motivator has already decided what should be done; motivating is about getting someone else to do it willingly.

*“Leadership: The art of getting someone else to
do something you want done because he
wants to do it.”*

DWIGHT D. EISENHOWER

There was a cartoon in the *New Yorker* some time ago that illustrated this point nicely: A mother who is a psychologist is trying

to convince her son to take out the trash. Warily, the boy says, “OK, OK! I’ll take out the trash, but *pleeeeee*, Mom, *don’t* try to motivate me.” Even a child perceives motivation as a kind of manipulation.

In motivating, the focus is not on the *what* and *why* but on the *how*. The manager is the head of the department, and the subordinate (note the literal meaning: Sub-ordinary) is at best the right-hand man. And what does the right hand do? Unless you’re left-handed, the right hand does exactly what the head tells it to do.

3. It is elitist. In Hebrew, the word for subordinate is *kafuf*, which literally means “bent at the hips” – like someone who bows before you out of respect or fear.

Managers, on the other hand, have superior vision; that is the source of the word “supervision.” Military insignia illustrate this principle: A first lieutenant’s badge has one branch to denote his rank; a lieutenant has two branches, a captain has three. As we ascend in the military hierarchy, we are climbing the tree. A major has a leaf, signifying the top of the tree. And a general, with the highest supervisory authority of all, is way above the treetops, with a star.

So you can see that the managerial process, as it is described and taught, is not a value-free process. It is not only a science and an art, but also an expression of sociopolitical values.

4. It is individualistic. Try the following exercise. Call all your top management into a room. Ask each one of them to write down the company’s top five problems. The rules are that, first, no names be mentioned; and second, that they not use the word “because” – no explanations for the problem are necessary.

Just ask them to note on a piece of paper, which they do not have to show anyone, the top five most critical, significant problems, undesired results, or processes that the company has.

All of these problems must be *controllable* by the people in the room; and it is not acceptable to define a problem as something “they” are not doing. Focus on what “we” are not doing. In other words, instead of saying: “Competition is increasing,” they should write: “We are not meeting competition head on”.

Now ask them: How many of these problems did the company have last year? Don't look at or allow them to share what they've written. Just ask them: How many of the problems on your list did you also have last year? The answer is usually: One hundred percent.

How about two years ago?

Most of them, right?

How about three years ago?

Again, most of them!

Now, if this is true, then how many of these same problems are you likely to have three years from now?

Most! Right?

Why, though?

Because look at your list of problems again. How many of them can any individual in the room solve by *himself*?

None!! Right? If they could have, they already would have.

Now ask them: How many of these problems would disappear if I gave you a magic pill that would permit you, as a team, to agree on the solution?

All of them, right? If you followed my instructions correctly and only wrote down problems that are controllable by the people in the room, then it is true by definition that a solution is possible if only the people in the room would agree to it.

So what is the problem?

The problem is that we usually have one executive or manager chasing ten problems, rather than ten managers chasing one problem at a time.

“The problem is not what you have on your list. What you have are manifestations. The problem is YOU!!!” I say. “You do not know how to work together. That is the problem!!!!”

The business world, in other words, is trapped by misguided principles of individualistic management that personify the whole process in a single individual who should excel at planning and organizing and motivating and communicating and building a team and making him - or herself dispensable.

In reality, however, such a manager does not exist and why it can not exist and what to do about it is the purpose of writing this book. *The managerial process is far too complicated for one person to perform*

A similar bias can be seen in economic theory, which sums up the processes and dynamics of any organization in two words: “The firm.” “The firm” will do this, “the firm” will do that – all depending on the conditions that prevail in the market. But left out of the equation is how this “firm’s decisions are made; thus the economic theory that results from these assumptions tells us only how the decision-making process *should* work – not how it does work. (More about this later.)

Likewise, to the best of my knowledge, the questions of *who* is involved in management and *how* they actually make decisions together – versus how they *should* make them together – has not been addressed. Management theory, like economic theory, personalizes the entire process as if practiced by a single entity. This error leads to a misperception that ultimately hampers our efforts to manage successfully.

That is why, when I use the words “manager” or “management,” what you should be visualizing is not a *person* but a *process*, which by nature encompasses people who may not officially be identified as managers by rank or title.

5. It is industry based. The classic management textbooks² teach that managers plan, decide, lead, organize, control, and motivate an organization. However, there are organizations in which management is *not supposed* to perform some of those functions. Some years ago I studied the management of performing arts organizations – opera, dance, theater, orchestras – and I became aware that artists cannot be managed in the same way as, let us say, one manages workers in industry. Administrative directors need artistic directors to lead the organization. They practically co-manage. Decisions cannot be made by either of them alone. “We are the two wings of the Austro-Hungarian eagle,” the administrative director of the New York City Opera told me in the 1970’s about his relationship with the artistic director. “Without both of us, this opera will not fly.”³

I noted the same phenomenon in the health and educational systems. Here, again, the administrators do not perform all the functions of management: For example, they do not decide policy matters, since the physicians in health delivery institutions and educators in educational institutions have a major say on those subjects.⁴ In high-tech companies, an engineer who knows the technology or may even have significantly contributed to inventing it is indispensable to managing the company. But his financial know-how and business acumen are usually limited. For successful management, he needs someone to make the business decisions with him.

Why does our definition of management exclude so many important organizational models? Because management theory was developed based almost exclusively on industrial experiences. Fayol was a mining engineer. Urwick was a military officer. Koontz took his insights from the airline industry. Taylor was an industrial engineer. Drucker's early experiences, from which he derived his ideas on management, were in the automotive and publishing industries. Even recent gurus such as Tom Peters and Steven Covey bring experience from the for-profit and industrial spheres to their books.

6. It is socio-political. The managerial process as understood in the West is not universally accepted or practiced. In some countries around the world, the managerial process the way we teach it in our Western textbooks is actually prohibited by law. In Yugoslavia, for instance, during the Communist era of self-management, managers were constitutionally prohibited from making decisions the way we do – in other words, *for* the organization. Rather, the manager's role was to suggest to and convince the workers, who had the ultimate authority for determining salaries, production quotas, investments, etc.

The self-management system, which adapted democratic principles as they had been conceived for nations and then applied them to industrial organizations, was called industrial democracy. In industrial democracy, the managers belonged to the executive branch. Their role was to recommend and implement decisions that were made by the legislative branch, or the workers council.⁵

In some other countries, management is socially discouraged. During the heyday of the Israeli kibbutzim, for instance, management was deliberately rotated every two or three years, so that nobody became what in the United States is called a professional manager: A person whose profession it is to *decide for* other people what they are to do.⁶

7. It is culturally bound. In certain languages, such as Swedish, French, Serbian and Croatian, the word “manage” does not even have a literal translation. In those languages, words like “direct,” “lead,” or “administer” are often used instead. When people in those countries want to say “manage” the way we mean it in the United States, they usually use the English word.

In Spanish, the word *manejar* – the literal translation for “to manage” – means “to handle” and is used only when referring to horses or cars. When they want to say “manage” in the American sense of the word, they use the words “direct” or “administer.”

I suggest that there is a confusion in the field, which stems from our difficulty in defining the process and what it is supposed to do, and is manifested in our vocabulary – or lack of one.

Management is not a group of people in the hierarchy of the organization. It is not a rank. It is a *process*, by which organizational goals are identified and continuously re-identified and eventually achieved. *Whoever* is involved in this process and *wherever* he is in the organizational chart – whether he is called an executive, administrator, consultant, leader, manager, or worker – is involved in the managerial process and by this definition is a manager. (I want to emphasize the word “worker” in the previous sentence, because although workers are not customarily considered part of management, they can and often must perform *managerial roles* if a company is going to be effective and efficient in the short and long run.)

Usually we look at the managerial role as one of managing PEOPLE. If no one reports to you, you are not management. (Do you see the elitism, the hierarchy here?) As should be clear from the above paragraph I define management as the process of defining and

accomplishing tasks and whoever is involved in this process is part of the managerial team even if no people report to him or her. While no one REPORTS to them they still have to interrelate with others to accomplish the common task. They will not be telling but they must be selling their ideas and perspectives on the task. Instead of controlling that the reporting structure affords (maybe?) they have to motivate and communicate. Thus it is not the reporting relationships that makes one a manager. It is interrelating for a common cause that makes them part of the process and thus, of the management team.

THE FALLACY

There is a big confusion in the field on what management is granted. But one thing we *do* know is what *mis*management is and it is a subject of books, articles and gossip at cocktail parties

But how successful have we been? In spite of the thousands of books written, and the millions if not billions of dollars spent on training managers and consulting services, we have not yet produced a viable, consistent theory and practice of management that is robust, repeatable, universal and holistic. In order to fix mismanagement we need to correctly define it.

A proof of this failure is our inability not only to define the process adequately, but even to name it. We are continually creating new words to label new processes that we hope will achieve the desired results.

The word that was originally used to describe the process was “administration.” That is why business schools used to be and some still are called Graduate Schools of Business Administration, and those that are in the profession of managing and have the diploma to prove that they have been professionally trained are Masters of Business Administration and the first journal in the field was the *Administrative Science Quarterly*. But since administrators failed to produce the desired results, the word “administrator” is now used mostly as a synonym for “bureaucrat.”

So a new word came into use: “Management.” Educational institutions became Graduate Schools of Management instead of Administration. But when the desired outcomes were still not achieved, the word “management” came to denote only the middle level of the hierarchy – and the need for a new word emerged.

That word was “executive”; thus we began to hear the terms “executive training,” “executive action” and “Chief Executive Officer.” When even this did not work, the word “leadership” evolved to replace “executive,” and this is where we are today (2004).

Although there are plenty of books that will tell you how leadership is different from administration, which is different from executive action, which is itself different from management⁷, I suggest that this new fad will not work either. In fact, I would not be surprised if in the next few years yet another new word is coined to define the process, while the word “leadership” is redefined to mean some piece of the managerial process or hierarchy – exactly what happened to the words “administration” and “management.”

The root problem is that the paradigm has remained the same; it is the same woman in a new dress. The paradigm that has not changed is that the entire managerial process is always personified in a single individual, whether we call him administrator, manager, executive, leader, tsar or sultan, who should do this and should do that. This is a manifestation of the American culture of individualism.⁸

The paradigm of the “lone leader” – all-wise and all-powerful – has never worked – and as the rate of change keeps accelerating, increasing the level of uncertainty that needs to be dealt with, and as businesses become global instead of local, a paradigm shift is now more necessary than ever.

WHAT IS NEEDED THAN?

So, then, how *should* we define “managing,” if in some countries management is prohibited, in others it’s socially discouraged, in some organizations it is shared with those who are not even considered to be managers – and in some countries the word doesn’t even exist?

What is needed, first, is to recognize reality, and second, to deal with it – which involves finding a definition of the process that is value free, universal, applies to any industry – both for- or not-for-profit – and that works in the marketplace; in other words, produces the desired behavior and results.

As a faculty member at UCLA, and while teaching at Stanford, the Columbia University Executive Programs, and Tel Aviv and Hebrew Universities, I have observed that management theory and texts deal with what *should* happen, while organizational development (OD), Organizational Behavior, people focus on how things *are* – on the dynamics of the system. OD is more descriptive/analytical, while the management theory and the strategy group is more analytical/*prescriptive*. The Org Beh group is phenomenological in its approach while the management theory group (which practically disappeared over the years in most universities that teach MBAs) are structuralists as a school of thought. And there is no love lost between the two groups of thought. But the reality is that both approaches are necessary for good management. The question is how does one integrate the behavioral thinking with the prescriptive structuralist thinking.

A workable, robust system of management must be descriptive analytical and prescriptive and be based on an honest reflection of reality. And that is what I am trying to do in this series of three books, starting with this one.

Please note that this first book in the series is only an introduction, which defines and analyzes what we are doing wrong and what we should be doing differently. The second through the third books in the series will address *how* to develop good managers based on this paradigm shift.

Even these three books could be considered as an introduction. At the Adizes Institute, we offer many courses, manuals, workshops and exercises aimed at deepening one's knowledge and capability to develop and practice good management, using the new paradigm of working in complementary teams to co-lead organizations.

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Chapter 2

The Functionalist View

PROBLEM: How, then, do we define management as a value-free and universal process?

THE TASKS OF MANAGEMENT

Let us try to understand the role of management by the function it performs: Why do we need it? The function should be value-free, without any sociopolitical or cultural biases. Whether we speak of managing, parenting, or governing – whether we are managing ourselves, a family, a business, a non-profit organization, or a society – it should be one and the same process conceptually. The only difference is the size and nature of the unit being managed.

Let us start with a basic hypothesis: The purpose of the managerial process is to make an organization effective and efficient in the short and long run – nothing more, nothing less. If we can achieve effectiveness and efficiency, in the short run and in the long run, that will be sufficient to maintain a healthy and successful organization, whether it is a marriage, a government, a multinational corporation or a candy store.

How an organization measures its success is secondary: If the organization is a for-profit company, it will measure success by profits. If it is a political party in power, success might be measured by whether its candidates are elected or re-elected. If it is a research

institution, the honors and prizes won by its scientists might be its measure of success.

THE ORIGINS OF THE THEORY

What makes an organization effective and efficient in the short and long run?

Some 40 years ago, I discovered that there are four roles that are essential to make an organization effective and efficient in both the short and long run. Each role is necessary and the four together are *sufficient* for good management. By “necessary” I mean that if any one role is not performed, a certain pattern of mismanagement can be identified.

I made this discovery while preparing my doctoral dissertation on the Yugoslav system of self-management.¹

The Yugoslavs’ system was alien to Western minds and experience. Nobody owned capital. Owning capital was like owning air; the whole society had access to it. The Yugoslavs called it “social ownership.”

Capital was the society’s heritage. It could not be owned, nor could it be depleted. Thus, organizational profits before depreciation had to be at least equal depreciation. Instead of salaries, people received allowances based on a system similar to surplus sharing among the partners of a law firm. Employees elected representatives to a workers’ council, and the council interviewed candidates for the job of managing director. Each of the candidates presented a business plan – very much like a political candidate’s platform in a democratic country. The managing director served a four-year term, but could be impeached if he acted illegally: Acting without the authorization of the workers’ council, for example.

Yugoslavs applied political democracy to both their industrial and non-industrial organizations; the system was called industrial democracy or the self-management system. Workers’ councils functioned as its legislative branch, deciding everything from salaries to budgets to investments. Its executive branch, headed by the managing director,

was management, which made recommendations to the workers' councils and implemented whatever plan the workers chose.

But the system had an enormous weakness: It discouraged – often even destroyed – the (E)ntrepreneurial spirit. In fact, for all practical purposes, (E)ntrepreneurship was illegal. The goal was to create a “new human being,” whose motivations, according to Karl Marx, would be very different from the exclusively materialistic motivations of “old humans.”² The system mandated group (E)ntrepreneurship or bust. And bust it went. Because (E)ntrepreneurs are by nature individualistic, few were willing to serve as managing directors under circumstances that limited their freedom to take risks and make decisions independently.³

Observing organizational behavior in Yugoslavia, I was able to make certain connections, like Dr. Linde, the British physician in the mid-18th century who found himself aboard a ship with no available sources of vitamin C and recognized the connection between that deficiency and scurvy, a common disease among sailors. I discovered that if a certain role of management – say, Entrepreneurship – is suppressed, organizations will develop certain predictable managerial “diseases.” Over the course of thirty years I studied the relationship between each role and specific types of organizational behavior. I analyzed which role combinations would result in which managerial style, and how a deficiency in any particular role would lead to a predictable mismanagement style. This insight led naturally to a diagnostic and therapeutic methodology that I tested successfully at hundreds of organizations worldwide.

THE (PAEI) CODE

What are those roles and how should they be managed together? They are (P)roducing, (A)dministrating, (E)ntrepreneuring, and (I)ntegrating; or (PAEI). Let me begin by giving a brief definition of each.

The first role that management must perform in any organization is to **(P)**roduce results, making the organization effective in the short run. Why are people coming to you? Why do they need you? What is the service they want? The **(P)**roducer's job is to satisfy this need. It can be measured by how many people come back to obtain your competitive products or services.

The second role, to **(A)**dminister, sees to it that the organizational processes are systematized: That the company does the right things in the right sequence with the right intensity. It is the role of **(A)**dministration to ensure efficiency in the short run.

Next, we need a visionary who can foresee the direction the organization is going to take, someone who can naturally pro-act in an environment of constant change and thus guarantee the company's effectiveness over the long run. This is the role of the **(E)**ntrepreneur, which combines creativity with the willingness to take risks. If the organization performs this role well, it will have the services and/or products that its future clients will want and seek.

Finally, management must **(I)**ntegrate, which means to build a climate and a system of values that will motivate the individuals in the organization to work together so that no one is indispensable, ensuring that the organization will survive efficiently in the long run.

A healthy organization is one that is effective and efficient in the short and the long run.

In problem-solving, each role focuses on a different imperative:

INPUT	THROUGHPUT	OUTPUT	
The Roles	Make the organization	To be	In the
(P) roduce results	Functional	effective	short run
(A) dminister	Systematized	efficient	short run
(E) ntrepreneur	Proactive	effective	long run
(I) ntegrate	Organic	efficient	long run

- (P): What should be done?
 (A): How should it be done?
 (E): By when/why should it be done?
 (I): Who should do it?

If all four of these questions are not answered before a decision is finalized, then that decision will be only “half baked.”

If you both (P)roduce the expected results and (A)dminister well, you'll be effective and efficient in the short run. But you will be profitable for the short run only. (Why this is so will be discussed later in this book.) If you (E)ntrepreneur and (I)ntegrate only, you'll be effective and efficient in the long run, but you will suffer in the short run. For a company to be profitable in the short and long run, it must perform all four roles well. In a not-for-profit business – for example, a government agency — then by capably performing the four roles you will achieve service, political survival, or whatever goal you are looking for.

Even parents have to perform these roles, because a family is an organization and thus a system that requires all four roles to be performed. In the traditional family, the husband performs the (E) and (P) roles, building a career and bringing home the bacon. The wife is the (A) and the (I), transforming a house into a home and a group of adults and children into a family.

By contrast, look at what we call the modern, extended, two-career family. What could happen if the roles aren't carefully divided and shared? Two (P)/(E)'s – and a family that needs a maid to do the (A) housework and a family therapist to do the (I) work.

In any organization, in any technology, in any culture, of any size, these four roles are necessary and together they are sufficient for good management. Any time one or more of these roles is not being performed, there will be a predictable, repetitive pattern of mismanagement – all over the world, regardless of culture, regardless of technology, regardless of the size of the organization or the purpose of the organization.

MANAGEMENT AND MISMANAGEMENT STYLES

These four roles can codify many phenomena. When applied to managerial styles, the codification is a kind of shorthand for predicting a managerial “style,” determined by how well and in what combination the four roles are performed. If the combination is known, the style is predictable.

Most managers excel at one or two roles, are comfortable with them and tend to rely heavily on them in their behavior. Although no single person can excel at all four roles, good managers *must* have at least a modicum of ability in each.

It is these dominant roles and the deficient ones that I use to characterize a basic management style. For example, a manager may excel at (P)roducing while being merely competent at the other roles. I would “code” that manager’s style, then, as a (Paei) – the upper-case “P” designating excellence and the lower-case “a,” “e,” and “i” designating competence.

Another manager may excel at organizing – a (pAei); while a third – (paEi) – may be good at sensing future trends, and a fourth – (paeI) – at motivating. A manager codified for the basic archetype style is in most situations a (P)roducer, an (A)dministrator, an (E)ntrepreneur, or an (I)ntegrator.

Any permutation of the combined performance of these four (PAEI) roles, if each role varied from 1 to 100, yields a management style, and there are innumerable permutations – as many as there are people on earth: (PA--) for the slave driver, (paEI) for the Statesman etc (see volume 2 in this series: *Management/Mismanagement Styles* op. cit.)

A “leader” is one who excels at two or more roles, one of which must be (I)ntegration, while also meeting the threshold needs of the other roles and there are many leadership styles too like the Small League Coach (PaeI), etc. Whether a leadership style is functional will depend on the task on hand.

When one or more of the **(PAEI)** roles is not being performed at all (signified by a dash in the code), a corresponding mismanagement style emerges: A **(P---**) is a mismanager whom I call a Lone Ranger; an **(-A--)** is a Bureaucrat; an **(--E-)** is an Arsonist, and an **(---I)** a SuperFollower. (For a description of these styles, read Chapter 4 of this book. For a more detailed discussion, read the second book in this series, *Management/Mismanagement Styles* op. cit.)

The **(PAEI)** code can also be applied beyond codifying behavior or style. For example, the **(PAEI)** roles develop and decay in a predictable sequence in the lifecycle of any organization. Because not all roles are present and fully developed from start-up, and because over time some roles become more pronounced and other roles less pronounced, a typical pattern of problems will be created, which can be foreseen and prevented.

Knowing which roles will be missing or weak at any point in time allows us to predict which problems the organization is going to have and what it needs to do to accelerate its development or slow its decay. It tells us which roles will be needed in the next stage of the lifecycle, and thus which leadership styles will be most effective. There is a reason why certain leadership styles are preferred at one stage in the lifecycle of an organization and rejected in another.⁴

In other words, once you understand the pattern, you practically have a crystal ball in your hands: The current problems indicate where your organization is in its lifecycle, and based on that you can predict your next generation of problems. You have a tool to identify what is normal and what is abnormal at each stage of the lifecycle. It's analogous to the lifecycle of human beings: We expect a baby to cry a lot and wet itself, but if a 45-year-old person is doing that, we know we have a problem – unless he is a venture capitalist. (I once asked a VC who invested in dot.com companies: “How do you sleep at night?” “Like a baby,” he answered. When I expressed surprise, he explained: “Sleep for two hours, cry the rest of the night!”) For how the **(PAEI)** roles grow and change over the life cycle of an organization and thus how to predict your future problems today and what

to do about it, please see the three volumes of *Corporate Lifecycles*: Volume 1: *How Organizations Grow, Age, and Die*; Volume 2: *Why Organizations Grow, Age, and Die* and volume 3: *How to Manage Balanced Growth and Rejuvenate Organizations* (Published by Adizes Institute 2004, Third expanded edition of *Corporate Lifecycles* first published by Prentice Hall, 1999).

Over the years I have perfected tools that develop and nurture all four roles, enabling organizations to manage in periods of rapid and turbulent change while avoiding the dysfunctional and destructive managerial “diseases” that usually come with the territory. For example, if an organization is losing market share, that means it is being ineffective in the short-term, or lacks the (P) role. Once you know how to develop (P), you can cure the problem.

For thirty years, I have used these (PAEI) tools, among other tools that are covered in my other books, in my consulting work in companies around the globe, as have my associates, who are trained and certified in this methodology, and we have solved problems in companies worldwide. It is a tested methodology for analyzing and solving problems and predicting behavior, for leading sustainable, accelerated growth or organizational rejuvenation without destructive conflict. I have coached one company to grow from \$12 million to \$1.5 billion in sales, and another to grow from \$150 million to \$4 billion in sales — without diluting ownership.⁵

Let’s talk about the four roles in detail and the four basic managerial styles that correspond to those roles.

A RAISON D’ETRE

The first and most important role that management must perform in any organization is to (P)roduce the desired results for which the company or unit exists.

What does this mean? Every organization has its *raison d’etre*; it is not put together just to be put together. Some sociologists claim that the purpose of organizations is to survive. To me, that’s not normal;

that's a pathological phenomenon, like cancer. An organization must have a larger mission than survival.

So what is the purpose of a given organization's existence? Let's use an analogy:

Five friends get together on a Friday night and have some beers. As they are drinking, someone suggests they go on a hike to the nearby lake the next morning. The rest of the group enthusiastically agrees.

The next day, the five friends follow a mountain path that leads to the lake. It's a very narrow path so they must walk single file. They have been walking on the path for hours. They're singing, whistling, joking, and laughing.

This group can be described as an organization; in other words, it has common goals that continually change and progress: The first goal was to get together Friday night. The second was to have some beers. And the latest is to hike to the lake. A social scientist or psychologist would have a field day studying this primary group: Their interactions, their style, their leadership, how they communicate. But there is no management in this group – *until* this group of five people comes across a big rock that's blocking the path and that none of them *individually* can lift.

Organizational management is born when a task evolves that cannot be performed by one person alone. That task, once defined, will drive the behavior – the interactions and the interdependencies – of the group. To lift that rock, they need to plan and organize and control and delegate; in other words, make decisions. They might decide to move the rock, or they might decide to camp out right there instead of trying to reach the lake, or they may go back home and have a barbecue.

Can an organization exist without management? In my consulting role, I have come across such organizations. But they are rather stressed places, where people continuously argue about why they are together or what their common goal is. There are interdependencies, but they are not managed; those interdependencies just happen organically. There are people who get paid as managers – but the organization is

not being managed; it is like a plane flying without a pilot, and how it flies depends on the winds and the weather.

There can be no management without a task that requires interdependency, whether it is in the immediate term, the intermediate term (in which case it is called an “objective”), the long term (which is called a “goal”) or when it is more spiritual and continuous in nature (a “mission”). But no matter which word you use, there must always be a telos (the Greek word meaning “a purpose”) that cannot be achieved by one person alone.

This, to me, is the first major difference between social scientists and management practitioners. We have “a rock” to move. It’s not enough to talk about interactions and communications: *Why* does this organization exist? *Why* are we communicating? *What for?* Sometimes, reading books on social psychology, you start to wonder: *All of this interaction, but what is the rock that they are moving?*

I have seen organizations whose managers remind me of a group of hikers, sitting next to the rock and complaining that they cannot get to the lake. *But no one is lifting a finger to move the rock.*

So, what is the rock of a business organization? Why does a business organization exist? What result is it supposed to give you?

The typical answer, particularly from students of economics and those who distrust big business, is: “Profit!!!!”

But guess what? Profit is not the answer.

We probably all know organizations that are extremely profitable and yet are going bankrupt – not *in spite of* but *because of*. In other words, constantly thinking about profit instead of about what the client needs is as futile as saying, “The purpose of my existence is to be happy.” If, every morning, you wake up and ask yourself, “Am I happy?” you will soon become quite miserable.

Playing tennis is another analogy. If you want to win, you don’t look at the scoreboard all the time; you watch the ball. If you hit the ball effectively, efficiently and repetitively, you will win. In other words: I know you want to go to the lake (profit), but for now, you need to focus on moving the rock.

And what is the rock? Instead of profit, you must concentrate on this: Who needs this organization? Who will cry if you die? Who needs you? What for? And these are not the stakeholders. Stakeholders are those you have to take into account and hold at bay or treat them right and satisfy their needs so that you can fulfill the purpose of your existence which is to satisfy your clients needs. Because unless you produce that for which your clients come to you, you are not going to be effective and if you do not fulfil your effectiveness efficiently, you're not going to be profitable. For me, profit is a *result* of good management, not the purpose of it. If you perform all four roles, profit will occur in the short and long run.

Profit in a competitive market economy is how an organization adds value.

Let me explain. When people buy a product or a service in a competitive market, they are telling you, literally in dollars and cents, how much it is worth to them to satisfy a particular need.

But to **(P)**roduce that desired service or product, the company has to spend money. So when the company's costs to satisfy a need are lower than the price the client is willing to pay and has a choice where to spend it, there is profit which can be seen also as a value added, because the company has **(P)**roduced that service or product for less than its perceived value to the client.

Thus, if a company **(P)**'s and **(A)**'s effectively and efficiently, it will be profitable and add value to the society – *in the short run.* (*Note that I repetitively said that this is true only in a competitive environment where the clients have a choice*)

So what, then, is the purpose for which your organization exists? What must your organization **(P)**roduce?

The answer is: Client satisfaction. That is the **(P)** function of every organization. The **(A)** function is to make it profitable.

Please note that I did not say *customer* satisfaction. Customers are the private case of the sales department; they are *external*. But every manager has clients, which are either external or internal. If your accounting department does not satisfy the needs of its client for information – the operations people or the marketing department, for

example – there is a problem, isn't there? Clients are all those people whose needs the organization was established to satisfy.

And how do you measure satisfaction? By repetitive sales! Are they coming back? Would they come back if they had a choice?

Marketing people use research to find out what their customers (clients) need, how they need it, when and at what price, etc. The same applies to any manager of production, accounting, or safety. First, find out who your clients are, then find out what they need, and then go and do what needs to be done and do it efficiently.

This applies to a marriage, too. Who is the client of each spouse? If your spouse is continually coming home late or not at all, there must be a reason. If the kids, who are also clients of the entity called "family," leave and rarely come back, there must be a reason.

Your organization is effective in the short run if it provides for the present needs for which it exists – verified by the fact that your clients are coming back even if they could get the same or similar services elsewhere.

THE (P)RODUCER – (Paei) STYLE

Let's describe the style of a manager who excels in (P)roviding for the needs of the clients, thus (P)roducing the expected results while also meeting the threshold needs of (A)dministration, (E)ntrepreneurship, and (I)ntegration. This manager, whose code is (Paei), I call a (P)roducer, or (P) type.

As a manager, in order to (P)roduce, you must possess two qualities. The first quality is you must know what your clients need and why they are coming to you. What is your particular niche in the marketplace? Second – very important – you must know something about the technology of how to provide that for which they come to you.

Input	Throughput	Output
The roles	Make the organization	In the
(P)rovides for client needs	Functional; thus effective	short run

Thus, it's not true to say, "To manage is to manage is to manage is to manage – you can manage anything if you are a professional manager." That is dangerously over-simplified, unless we add three more words: *After some time*. And what do you do during that time? You try to learn the peculiarities of the organization that you are managing. Because there are no two "rocks" alike in the world.

Any time you move from one branch to another in a bank – the same bank! – "the rock" is going to be different. The clients have particular needs – they might need parking or drive-through banking, which your previous workplace did not have. Even if you move from one department to another in the same organization, "the rock" is going to be different. So what does a good manager do before he starts doing anything else? He learns "the rock." He learns what it is that his particular clients come to him for. Organizations are like men and women – everybody is different. You cannot treat them all alike. You have to know the particularities of what you are trying to manage, so that you can (P)roduce results, or (P)rovide for the expected needs.

But that's not enough. Some people, despite being very knowledgeable, do not (P)roduce results. They can give you a beautiful report, they know the technology, their judgment is correct – but they lack what psychologists call "achievement motivation" – the urge to get in there and do it! Don't just talk about it – do it! This is the desire to see the finalization of a task, like a salesman who won't stop selling until he has a signature on the dotted line. They won't let go until the need of the client is satisfied or the task is done and completed.

For me, then, a manager, a (P)roducer of results, must be a knowledgeable achiever.

RUNNING THE RAILROAD

Is (P)roducing results sufficient? No. What happens when the manager is an excellent (P)roducer of results: A knowledgeable achiever?

This person is so good, productive, diligent, reliable, that we reward him with a promotion.

But now, he is no longer merely a **(P)**roducer; he has to work with five or six or more other people, he must coordinate and delegate and control and oversee. Instead of **(P)**roducing by himself, he must make the *system* **(P)**roduce results. And that is a different task altogether. That's why we need another role: To **(A)**dminister.

The **(A)** role is indispensable for good management. It is the role of **(A)**dministration to pay attention to details, to systematize the **(P)**roduction process so that a wheel does not have to be reinvented each time a wheel is needed, and to ensure that staff follows those systems and routines. **(A)**dministration ensures that the organization does what it was intended to do – efficiently. It moves the organization up the learning curve so it can capitalize on its memory and experience. It analyzes successes and programs them so that they can be repeated.

If you **(P)**roduce results, your organization will be effective. If you also **(A)**dminister, your organization will be efficient. If you **(P)** and **(A)**, the organization will be both effective and efficient in the short run. And if it is effective and efficient in the short run, it will be profitable in the short run, if that is how you measure success.

Input	Throughput	Output
The roles	Make the organization	In the
(P) rovides for client needs	Functional; thus effective	short run
(A) dminister	Systematized; thus efficient	short run

If an individual is **(P)**roductive but lacks **(A)**, he will be very disorganized. He will work hard – harder than necessary – but not intelligently. He will waste a lot of time reinventing the wheel.

The same applies to organizations. There are organizations that satisfy their clients' needs but lack an organized **(A)**dministration. They have no system. Their management of the supply chain is atrocious; their salary administration is a patchwork of individual

agreements; their recruitment processes and policies are haphazard. This company will be effective but inefficient. It will have growing sales with declining profits.

An American analogy for management is “running the railroad.” How do we run a railroad? First of all, we need the railroad engineer to (P)roduce results: That’s transportation. The engineer takes the train from station A to station B. Then we need someone to manage the engineers, making sure they get the train from station A to station B correctly and on time. The latter role, in companies, is called Operations. That is the (P) function of the railroad organization, which should be managed by a person with a strong (P) style.

If the railroad engineer does a bad job or if Operations does not perform, then the organization is going to be mismanaged and ineffective. The trains will not run; the need for transportation will not be satisfied.

But to run a *profitable* railroad organization, we also need supplies and money, collection and payment, and universally communicated timetables to get the right train to the right town at the designated time. Budgets must be adhered to, costs must be controlled, systems developed, and their implementation supervised. All this is the role of (A)dmistration, which should be managed by a person whose style is compatible with the needs of this role.

THE (A)DMINISTRATOR - (pAei) STYLE

This person has the capability and natural inclination to pay attention to detail, especially details of implementation. He is methodical and likes his environment to be well thought-out and organized. He thinks in a linear fashion.

When you have a business idea – especially a crazy one or one you are afraid *might* be crazy – you go to this manager to help cool your enthusiasm. She will think things through for you. She will ask you questions you hadn’t thought of. She will see all the pitfalls you didn’t consider. Give her a business plan to read and she will tear it apart.

And you will be grateful! It costs less and hurts less in the long run if problems are anticipated; either you can find ways to solve them before they become crises, or you can reject the plan as unworkable.

A good Administrator, or (A) type, can foresee the problems inherent in an idea. People have told me, about such executives, “He can find a hair in an egg while it is still in its shell,” and “He can smell a rat a mile away.” In psychological terms, the (A) role is best served by a person with a need to control; while the (P) role requires a person with the need to achieve.

If you trust him, then if your idea passes his scrutiny, you know you can do it. And *should* do it. And if it does not pass his scrutiny and you decide to do it anyway, at least you know ahead of time what risks you are taking.

A good (A) administrator always knows what is going on. He cannot sleep if he doesn't know what is going on. He keeps track of the details. He is well organized and concerned with follow-up and implementation. He has an excellent memory (or is fortified by systems, which means he does not have to rely only on his memory), and he works to see that the system operates as it was designed to operate.

The (A) administrator is good at worrying, but he worries *appropriately*. He worries about precision, about integrity of information. He worries that the organization will lose its memory, its database, or its intellectual property.

A good (A) administrator is indispensable to a growing organization. A young organization usually grows too fast and in too many directions, and can easily trip and fall on its face (i.e., go bankrupt) without even realizing that it's been bankrupt for quite a while.

The good (A) administrator protects your back. He keeps the gateway to the castle closed so that the enemy – chaos – cannot enter.

What he does *not* do is (P)roduce that for which the organization exists.

If you look up the word “administration” in a thesaurus, you will find that its synonym is “to serve.” (A) dministration serves those who (P)roduce; i.e., meet the needs of their clients. One (A) dministers *for*

someone, *for* something. In public service organizations, government (A)dministers for the society, and the people who work in such organizations are called public (A)dministrators, or public servants. The need they (P)rovide for – their (P) – is (A)dministration; if the job is to be done efficiently, however, they must also (P)rovide (A).⁶

A lawyer who has a (pAei) style is the one you want to write up your contract. But do not ask him to be your trial lawyer. He will lose in court. He can write an agreement that is faultless, but if you have to sue, you're much better off finding a creative, (paEi) lawyer who can interpret night as day and turn a liability into an asset.

The same is true for accountants. I need two: One to advise me on my taxes – the (paEi) type – and the other to *file* my taxes – the (pAei) type. If the (E) *files* the taxes, I might find myself in trouble for creative accounting. If the (A) *plans* my taxes, I will probably pay more than necessary.

Let us turn now to the (E)ntrepreneur role.

SEEING THROUGH THE FOG

Are (P)roducing and (A)dministrating enough? No. Every manager should be able to (A)dminister. But is the reverse also true? Is every (A)dministrator a manager? No. Beyond (A)dministering, an organization must also be capable of planning what work to do next, deciding what direction it should take as it acts to address change. This is the role of (E)ntrepreneur.

The (E) role analyzes changes in the environment as they affect the organization. Whereas (A) involves systemizing and implementing plans that have already been determined, (E) must generate a plan of action for what the organization should start doing now because planning is not what you are going to do tomorrow. It is what you should be doing *today* in light of what you expect tomorrow to be.

A metaphor I find useful for the (E) role is “the ability to see through the fog.” The creative person will look into the fog and see pieces of information appearing and disappearing, and all at once

something clicks. He sees a big ear, then a big trunk, then one big leg, and he concludes: “Aha! There is an elephant there.”

The non-creative person waits until the fog lifts, until the sun is shining and it’s totally clear. Then he will go and touch the elephant, and even smell the elephant. And *still* he is not quite convinced: “OK, *maybe* it’s an elephant!” This person has not added any information or created anything, while the creative person, using his imagination, has filled in the blanks in the information fog.

Returning to the railroad analogy I used above, it is the (E) role to determine which stations to close and which new stations to open; whether to add or subtract the number of cars on each line; and to decide how often the train should stop at each station. It is the (E), in other words, who will guide the organization as it deals with changing realities.

(E)ntrepreneurship is not confined to the business world. In addition to business (E)ntrepreneurs, who try to exploit the monetary opportunities of the market, there are social (E)ntrepreneurs, who initiate cultural and political change, and educational and artistic (E)ntrepreneurs, who satisfy aesthetic needs and generate new ones. All are of tremendous value to society.

Since change is inevitable and constant, the (E)ntrepreneurial role is also essential to good management. It makes the organization effective in the long run. If there is no one to perform the (E)ntrepreneurial role in an organization, that organization will eventually lag behind its more creative and proactive competitors.

THE CREATIVE CONTRIBUTOR (paEi)

In my book *How to Solve the Mismanagement Crisis*,⁷ in which I first presented the (PAEI) model, I identified the person who performs the (E) role, whose code is (paEi), as an “(E)ntrepreneur.” That book was written almost 30 years ago. Since then, in studying these codes in greater depth, I have changed my mind.

A (**paEi**) is not quite an (**E**)ntrepreneur. To be an (**E**)ntrepreneur, who creates organizations and develops them, one must be strong in the (**P**) role as well. A focus on (**E**) alone is not enough.

A person who focuses mostly on (**E**), whose (**P**) orientation is adequate but not strong – (**p**) – I now call a Creative Contributor. This is the manager who has plenty of ideas – some good, some bad. But he has lots of them, sometimes non-stop. He is like the kid in school whose hand goes up even before he hears the end of the question. He is the person in a meeting who does the most talking. Whatever solution is proposed, he has another option.

This manager adds lots of energy to meetings. He is not merely focused on what the discussion is about and what the goal is. He is not without some sensitivity to what others are saying, and he is capable of paying attention to details. But without a strong (**P**) focus, he is not the person to say: “Let *me* lead, let *me* do it.”

Without a strong (**P**), he will be constantly moving from one idea to the next, without finishing anything. He will not be capable of building an organization.

THE (**E**)NTREPRENEUR (**PaEi**)

To be (**E**)ntrepreneurial, a manager must have two major characteristics. He must first of all be creative, able to visualize new directions and devise strategies for adapting the organization to a perpetually changing environment. He must have a feel for the organization's strengths and weaknesses, and the imagination and courage to identify strategies in response to such changes.⁸

And yet being creative is not sufficient. Some people are very creative but are not (**E**)ntrepreneurs.

Faculty members at business schools often fit this profile. Why? Because they are *only* creative. They may even be prolific in their creativity, as measured by the number of articles they publish. And the focus of their creativity may even be (**E**)ntrepreneurship, or how to make money. Nevertheless, if they do not have the second charac-

teristic I believe is necessary for an (E)ntrepreneur – the willingness to *proact*, to walk *into* the fog, to take risks, to follow a vision – they cannot be (E)ntrepreneurs. They will not succeed at making money even if they wrote the book on how to do it.

It is risky to follow a dream in the fog. There may be dangerous pitfalls; and when you finally get to your destination, you may find that where you are is not where you wanted to be. So an (E)ntrepreneur not only has a vision; he is also willing and able to risk what he has in order to get what he wants.

Both qualities, creativity and the willingness to take risks, are necessary for (E)ntrepreneurship. If a manager is willing to take risks but lacks creativity, he might be more at ease in a Las Vegas casino than in the corporate world. If he is creative but unable to take risks, he may end up as a staff person, a consultant, or a business professor – someone who can identify a course of action but does not undertake it himself.

The (E)ntrepreneur knows what he wants and why he wants it. He is creative – but in the service of a goal. He has an idea, a purpose, and he can translate that idea into reachable and achievable outcomes. His creativity is focused on how to make that outcome a reality. He is a no-nonsense person, creative and focused. Ideas without results annoy him, and results that are not born out of big ideas are a waste of time.

The focus of the (E) role is on what needs to be done next. What are the emerging needs; who are the next generation of clients that the organization will have to satisfy? Thus, the (E) role, if fulfilled, makes the organization effective in the long run.

Input	Throughput	Output
The roles	Make the organization	In the
(P)rovides for client needs	Functional; thus effective	short run
(A)dminister	Systematized; thus efficient	short run
(E)ntrepreneur	proactive; thus effective	long run

GETTING RELIGION

In the analogy of the five friends who went hiking to a lake, their friendship and sense of belonging expressed itself in a need to do something together. First, that need was satisfied by drinking beer; then by hiking to a lake; then by working together either to lift the rock or to come up with another plan.

The process of identifying a new way to satisfy that ultimate purpose – going on a hike rather than drinking beer – was **(E)**ntrepreneuring, the **(E)** role. The organizing of the hike – where to meet, what time, who would bring the picnic basket – belonged to the **(A)** role, or **(A)**dministering. The actual act of drinking beer, hiking to the lake, or removing the rock from the path – the act of doing whatever satisfied the purpose of the interrelationship at that moment – was **(P)**roducing, the **(P)** role.

But what is the common denominator in all these activities? Why are these people drinking beer together, going on a hike together, lifting the rock together, in the first place?

Physiological studies show that humans need to interrelate. What is the worst punishment in a prison? Solitary confinement. Come to think of it, imprisonment in itself is a partial isolation and thus a punishment. The role of developing and nurturing the need to affiliate is what makes an organization viable and thus effective in the long run.

What would happen if your organization were managed by an executive who was an outstanding **(P)**, **(A)**, and **(E)**? This person is a knowledgeable, achievement-oriented, task-oriented, effective, no-nonsense **(P)**roducer, as well as an outstanding **(A)**dministrator running a tight ship: Everything is systematic and well organized, correctly done at the right time. In other words, the organization is effective and efficient.

In addition, this executive is an outstanding **(E)**ntrepreneur, constantly adapting and improving the organization so that it is really moving and adjusting to the changing environment.

Now, what happens to the organization when this manager dies?

The organization also dies.

Why? Because the **(P)**, **(A)**, and **(E)** roles are necessary, but they are not sufficient if the organization is to be effective and efficient *in the long run*.

Organizations should be managed so that they can survive for thousands of years. Look at the Catholic Church, for example. It has existed for two thousand years and it could go for another two thousand. Why? Because it has established a set of values that each individual in the organization identifies with.

To do that, you must have **(I)**ntegration.

(I)ntegration means uniting people to develop agreement and build group support for ideas and their implementation.⁹ If the role of **(I)**ntegration is performed well, people will learn to work as a team instead of as individuals, able to compensate for any task that happens to be missing or deficient.

(I)ntegration builds a climate, a system of ethics and behavior, that encourages everyone to work together so that no one is indispensable. To **(I)**ntegrate means to change the consciousness of the organization from mechanistic to organic.

What does this mean? To be mechanistic is to care only for your own interests while I care only for mine. Look at a chair. If one of the legs breaks, do the other legs care about it? No, that's the broken leg's problem.

If the four legs were internally interdependent – i.e., organic – then if one leg broke, the other three could realign themselves into a tripod shape to maintain the chair's functionality. But there is no internal interdependency, no organic relationship among the parts of the chair. Thus, when its functionality is damaged, it is dependent on external intervention for repair.

Something similar happens in mechanistically oriented organizations. Let's say there is a problem with sales. The company is going broke. The **(P)**roduction department says, "That's not my problem.

That's a sales problem." In reality, however, there may be something (P)roduction could do differently that would save the company.

In comparison look at your hand. If one finger breaks, your whole body feels it. There is empathy. And not only that: When one finger breaks, the other four fingers on that hand will try to compensate for the loss. That is organic consciousness. There is interdependency, there is cooperation; it's synergetic instead of being individualistic, independent, and frequently adversarial.

"Yes, but in the case of a hand, the fingers all share the same head," a cynic might argue. Not always. What if the finger that broke belongs to your four-year-old son? It's not *your* finger. So why are *you* in pain and unable to focus? Because it belongs to someone you love, and his pain is your pain.

So (I)ntegration does not have to be physical. It can be emotional and/or spiritual. It is driven by a sense of belonging and affiliation.

When your kids are fighting, you don't always solve their problems for them, do you? Why not? Because you are trying to promote just that sense of interdependency and affiliation. You might say, "Hey, you're family; you're supposed to be helping each other. I'm not going to be here forever. You must solve your own problems."

Let's say you and your family are packing up the car for an outing, and you find your son sitting in the car and waiting. "Why aren't you helping?" you ask him.

"My stuff is already in," he responds.

"Get your rear end moving and help the family!!" you'd probably shout. "You are not alone here. Your job is done when the *whole family's* job is done." Right?

A family is more than a group of people; a hand is more than five fingers. There is a sense of interdependence fostered by common values and vision, among other variables. (I)ntegration involves creating and nurturing a culture of mutual trust and respect and thus cooperation; it involves the leader making himself dispensable so that the group can continue to function if anything happens to him – or any other individual member.

Look at a sports team. If you put together a team of stars, each from a different team, who have never played or trained together, and play them against an above-average team that's been playing together for a long time, who would probably win the *first* game? It's likely that the above-average team would win. Why? Because the star team has not yet developed its team consciousness; its members cannot yet predict: "If he does that, I can back him up by doing this." That sense of cooperating to reach a common goal is what we mean by teamwork.

(I)ntegration turns individual (E)ntrepreneurship into group (E)ntrepreneurship. If a manager does not (I)ntegrate, does not nourish group (E)ntrepreneurship, then in extreme cases the group will be unable to initiate action or determine goals in his absence. Thus, (I)ntegration is a necessary component of good management. Companies that rely on any one individual for continuous success in their operations inevitably will face a crisis if that individual leaves or dies. Even organizations that have been managed by a (PAE-) – the dash in the code signifying that the (I) role is missing or deficient – will find themselves in trouble if that manager leaves before a team feeling – an *esprit de corps* around an effective course of action – has been developed.

Since an organization's life span should be longer than the life of any individual, effective long-range continuity depends on building a team of people who understand, trust, and respect each other, and who complement each other's abilities. (I)ntegration creates that effect.

When there is no (I)ntegration taking place, no one is focused primarily on the company's long-range, holistic interests. Instead, everybody is looking out for himself, often at the company's expense. The stockholders are trying to milk the company. Management is trying to get maximum rewards for itself, with stock options, golden parachutes, and endless fringe benefits. Labor is campaigning for the best salaries and job security. Among all of these competing interests, it's possible to arrive at a working consensus in which everyone is getting his interests satisfied while the company is actually going

bankrupt. That is what is said about certain developing countries:” Rich people; poor country.”

When I find a situation like this in the organizations I coach, I often dramatize the dilemma by bringing an empty chair to the table. I place the company name on the front of the chair and ask, “If someone were sitting in that chair, what would he say? What does this *company* want?” When I let the participants play out that scenario, I hear voices that have previously been silent. In this exercise, I am playing the **(I)**ntegrating role.

So, although **(P)** *appears* to be the purpose of our existence – to satisfy our clients’ needs – it is in fact only the immediate, short-term purpose. What is our continuous endless purpose? To satisfy our need to interrelate.

I repeat: Interrelating is the ultimate purpose of our existence. We are social animals. We need each other, period. We even keep dogs or cats sometime for no other reason than because we need to be needed, to interrelate. In the United States, dogs are trained to visit patients in hospitals; some studies have shown that a dog’s attention and affection can speed up the healing process.

There is nothing in this world that doesn’t exist to serve something else by functionally interrelating to it. If it serves only itself, then it is a cancer and serves death.

The pen I write with is useless if it does not leave a mark on paper. Breathing has no meaning unless the oxygen feeds my body. Nothing in itself is functional; everything is functional *in relation* to something else. The ultimate reason any system exists is **(I)**ntegration, the **(I)** role. Indeed, managers with the ability to perform that role have the potential to go beyond good management and become leaders.

THE INTEGRATOR – (pael) STYLE

There are two types of **(I)**ntegration – passive and active – and three directions: Upward, lateral, and downward.

A passive (I)ntegrator will (I)ntegrate himself into a group of people. An active (I)ntegrator can (I)ntegrate a group of people among themselves. Because in management, (I)ntegration must be active, we will concern ourselves here only with active (I)ntegration.

Upward (I)ntegration is the ability to (I)ntegrate people who are higher in status, authority, rank, and so on. Lateral (I)ntegration is the ability to develop peers into a cohesive group. Downward (I)ntegration provides leadership by establishing cohesion among subordinates.

A very effective lateral (I)ntegrator may function poorly as a downward (I)ntegrator, tending to be arrogant with subordinates. In fact, it is unusual for a person to be an excellent (I)ntegrator in all directions.¹⁰

Let's talk about the characteristics that a good (I)ntegrator brings to the organization.

Perhaps surprisingly, the (I)ntegrator is the most creative of all the management types, since he must make decisions from a more diffused and less structured database. (I)ntegrating is even less programmable than (E)ntrepreneurship, because (E)ntrepreneurship does not necessarily deal with people, whereas (I)ntegrating involves uniting individuals with diverse interests and strengths behind a group decision.

In (I)ntegrating (E)ntrepreneurs, one has the additional burden of forging their individual creativities into a cohesive unity, to develop group risk-taking out of individual risk-taking, to fuse an *individual* sense of responsibility into a *group* sense of responsibility.

The (I)ntegrator clarifies issues by finding the common threads of deep – not just superficial – agreement, and by assimilating contrasting values, assumptions, and expectations.

A successful (I)ntegrator also must make himself dispensable. His subordinates must be trained to be capable of replacing him. Ideally, in a cohesive group almost any member should be able to lead. To take a military example, if any soldier in a squad can take the squad leader's place and be accepted when the leader is killed, this demonstrates that the leader was a good (I)ntegrator. If the squad

scatters when the leader is killed, then the (I)ntegration of the unit was insufficient, although the leader may have been a competent commander in other respects.

The (I)ntegrator is sensitive to others (i.e., empathetic), and he is capable of deductive thinking (i.e., able to infer what people really want to say from what they *do* say). He has few ego problems of his own, which enables him to hear and respond to other people's expectations, problems, and needs rather than his own.

The late Juscelino Kubitschek, former president of Brazil and founder of Brasilia, was such a leader. When asked whether he was for or against a certain political program, he replied: "I am neither for nor against it: I am above it."

THE (I) ROLE IN LEADERSHIP

The (I)ntegrator is unique in that he not only provides for future organizational continuity, he also enables the organization to function smoothly in the present. His role is essential for success, both in the short run *and* in the long run. Finally, his is the one role that *must* be present in order for leadership to occur.

Input	Throughput	Output
The roles	Make the organization	In the
(P)rovides for client needs	Functional; thus effective	short run
(A)dminister	Systematized; thus efficient	short run
(E)ntrepreneur	proactive; thus effective	long run
(I)ntegrate	organic; efficient	long run

You can be a good manager even without (I). Managers can be strong in two or even three roles – (PAei), (PaEi), (pAEi), (PAEi) – but unless one of them is (I)ntegrating, they will not be leaders. For leadership to occur, the (I) role must enhance whatever other roles a manager excels at performing. (See Chapter 11 for a more detailed description of leadership.)

SUMMING UP THE FUNCTIONALIST VIEW

Before we continue, let me summarize the points I have made so far:

“Management” is defined as the process that makes organizations become and remain effective and efficient, now and in the future. These, I suggest, are the goals of every organization, regardless of how it measures its success, regardless of technology, size, and culture.

The organization will achieve these goals if four roles are performed well: **(P)**roviding for the clients’ expected needs, **(A)**dministering, **(E)**ntrepreneuring, and **(I)**ntegrating – or **(PAEI)**. In other words, the organization must be results-oriented **(P)**; it must be flexible and adapt well to change **(E)**; but that flexibility must be controllable and generate predictable results **(A)**. Finally, its system must be self-adaptive **(I)**, so that no outside corrective action is called for.

The role of management, then, is to perform those four roles – because they do not happen by themselves. Thus, “to manage” means to perform any or all of those four roles, regardless of an individual’s title or position in the hierarchy – or whether he is even on the payroll.

Now that we have defined “management” and know what we are looking for, we should be well on our way toward finding the ideal manager, right?

Wrong. But we are closer to finding out why the ideal manager does not and cannot exist.

NOTES

1. Adizes, Ichak, and Elisabeth Mann Borgese: *Self-Management: New Dimensions to Democracy; Alternatives for a New Society* (Santa Barbara, Calif.: Clio Books, 1975).
2. Djilas, Milovan: *The New Class: An Analysis of the Communist System* (New York: Frederick A. Praeger, 1957).
3. Adizes, Ichak: *Industrial Democracy Yugoslav Style: The Effect of Decentralization on Organizational Behavior* (New York: Free Press, 1971; reprinted by Adizes Institute, 1977).
4. For more details, see: Adizes, Ichak: *Managing Corporate Lifecycles* (Paramus, N.J.: Prentice Hall Press, 1999).

5. See www.adizes.com for testimonials about the Adizes Institute.
6. In government, the (P) and (A) functions are the same. In other words, the (A) actually (P)roduces what the organization exists for. Take a government agency that issues licenses or monitors the health and safety of food service establishments. Its (P) function is to (A). Of course, this organization will have its traditional (A) roles too: to organize, systematize, and monitor the system.
7. Adizes, Ichak: *How to Solve the Mismanagement Crisis* (Santa Monica, Calif.: Adizes Institute, Inc., 1979).
8. For a definition of (E)ntrepreneurship, see Schumpeter, Joseph: *Business Cycles* (New York: McGraw Hill, 1939), pp. 102-9; and Drucker, Peter F.: *Management: Tasks, Responsibilities, Practices* (New York: Harper & Row, 1973), Chapter 10.
9. On the role of (I)ntegration, see Lawrence, P.R., and J. W. Lorsch, "New Managerial Job: The (I)ntegrator," *Harvard Business Review*, 45 (November 1967), pp. 142-51.
10. The (I) component, as has been pointed out, is essential to good management at all levels, because the manager must work through others to achieve organizational goals. Where management has succeeded in (I)ntegrating the individual members of an organization into a group, we may expect greater identification with the organization, more job satisfaction, and better performance. The importance of interpersonal relationships for the success of organizations has been repeatedly demonstrated in the literature. Chris Argyris found that the worker's skill and pride in his work were directly related to his on-the-job friendships. See Argyris, "The Fusion of an Individual with the Organization," *American Sociological Review*, 19 (1954), pp. 145-67; and "Personality vs. Organization," *Organizational Dynamics*, 3 (1974) no. 2, pp. 2-17.

A similar association between level of competence and degree of (I)ntegration with the organization was reported by Peter M. Blau in a study of law enforcement agents. See Blau, "Patterns of Interaction among a Group of Officials in a Government Agency," *Human Relations*, 7 (1954), pp. 337-48.



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