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INTERVENTION AND POLITICS AT THE TOP: MISSING LINK IN FAILED ORGANIZATION CHANGE

CEO PUBLICATION
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DR. LARRY E. GREINER
University of Southern California

May 1994

Invited paper prepared for Second Annual Symposium in Organizational Behavior on "The Functioning of Executive Power," Case Western Reserve University, October 10-13, 1984.

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Intervention and Politics

At the Top

Missing Link in Failed Organization Change

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ABSTRACT

This paper argues that major organization changes often fail because of political dynamics at the top of corporations. It proposes a framework for describing four alternative political patterns at the top, and discusses various intervention strategies for dealing with them.

Intervention and Politics at the Top:

Missing Link in Failed Organization Change

by

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For many years I have puzzled over why even the best planned change efforts by management consultants and OD experts seem to go awry. Despite numerous reports of success in the research literature and in the anecdotes of bravado consultants, I would be willing to wager that the private failures far outnumber the public successes...say, in a ratio of 20 to 1.

I base my hunch on several years of serving on the boards of three management consulting firms, my own consulting experience, one daring book on OD failures by Mirvis and Berg (1977), keeping up with my reading in Fortune and Business Week, and evesdroping over cocktails to hear close colleagues "tell it like it is." Admitedly, this loose grouping of kibitzers is hardly a scientific sample (and no doubt we need one), but ask yourself the same question about the degree of success and failure in your own attempts at major organizational change.

As you reflect, remember that I am talking about corporate change of a major organizational and strategic nature where the goal is to exchange one set of operating practices for a very different set, so that the entire organization takes on a different relationship with itself and its environment. Be sure to exclude those modest projects that were restricted to a department or sub-unit level, or those training efforts where the goal was to develop better managerial skills for decision making. These are not major efforts at organization change at the corporate level.

Now, you may say that I have unfairly reduced your sample size by such a demanding definition. And right you are, but isn't that a telling sign in itself? Fortunately, you are not alone, because the absence of reported attempts at major organizational transformation is a serious void in both our academic consulting experience and in our research literature. Rarely do academic consultants or researchers get near the apex of corporations, except for a guided tour.

Nevertheless, such experience with implementing massive organization and strategic change does exist in the world of full-time management consulting, and especially among firms like McKinsey, Boston Consulting Group, and Management Analysis Center. They routinely bid for and receive large scale change projects of the scope I am discussing. Yet they too, in their private moments, acknowledge not only the frequent rejection of proposals but subsequent failure to achieve change in on-going projects.... while still being amply rewarded with large fees.

Even if I relax my definition to include organizational changes that are more modest in scope or limited to the sub-unit level, I think we still could all agree that far too many efforts fail to make headway. And when this happens, we usually point to the "system" as the culprit, although the specific sources of resistance are less clear. Ironically, we are usually quick to point to ourselves when the process goes well.

Where Lies The Problem?

For my finger pointing in this paper, I will focus on the entry stage for a consultant coming into an organization at the top management level. When we talk informally about the consulting process, this early stage is usually neglected in favor of telling anecdotes about dramatic events later on in the change process. Our research literature, too, has been neglectful of the entry stage.

Yet I view these early entry steps as critical for determining what happens later on. It is not simply a period of "marketing," as professional management consultants might have us believe, or a period of open flexibility for skillful change agents to maneuver, as self-flattering behavioral science consultants might contend.

I will argue instead that a certain political dynamic is encountered in the top management group from the first day of a consulting engagement; moreover, this dynamic is so embedded that it is extremely hard to alter. Depending on the nature of this political dynamic, the subsequent change process can be greatly affected, so much so that while a large project may be initiated, the project itself can still fail.

The political dynamic that I speak of occurs within the very top management of a corporation (the CEO and his or her immediate subordinates). It refers to the manner in which these key leaders handle their power relationships with each other. An ingrained political pattern has formed among this constellation of senior executives, and it colors all subsequent intervention attempts.

In order to explicate these power relationships and their effects on the change agent, I will refer in this paper both to the power and intervention literature, as well as to begin with a case of failed change in a large corporation. Based on this material, I will then propose a conceptual model for guiding future interventions at the top management level.

The Literature Gap

Our research literature on the relationship between change and top management politics is virtually non-existent. Yet it is here where a major change effort begins. Popular references to "bottom up" change, I believe, represent the romantic illusion of humanistic scholars, since I know of no previous research documenting successful organization changes that were not planned and led from the top. The seeds of change may have been sown at lower levels, but organization-wide change does not transpire without active leadership at the top.

The intervention literature, with the exception of Argyris (1970), is also deficient for not being targeted at top management and the entry process. This literature can be characterized in terms of the following broad streams of intervention advice to change agents:

1. Global OD interventions--a programmatic focus described in formal terms (e.g., laboratory training, team building and confrontation meetings).
2. One shot dramatic process interventions-- made at a late stage in the change process--such as "co-opting" a key leader who is a source of resistance.
3. Stylistic interventions of a "one best" technique nature--such as "9,9" behavior for bringing conflicting parties together to reach a creative solution.

I find these intervention approaches preoccupied with technique, devoid of contextual reality, and narrowly restricted to socio-emotional events. None of the intervention literature describes top management as a unique behavioral context for intervention. Only one book, <u>Consultation</u> by Blake and Mouton (1976), makes a stab at defining context in contingency terms but it too often lapses into the three universalistic solutions described above.

Among the few authors that link the subject of intervention with power and politics, Pettigrew (1975) and Schein (1976) strike a similar theme around building the power of the change agent as a means for influencing the power structure of an organization. To quote Pettigrew, "It is suggested that the consultant's ability to influence clients will be a function of his possession and tactical use of five power resources: expertise, control over information, political access and sensitivity, assessed stature and group support." And Schein argues, "...if one values the merits of organizational change programs, then political skill acquisition [by the consultant] would seem far wiser and realistic than remaining little red riding hood and being devoured by the wolf."

While Pettigrew and Schein move closer to what I want to discuss, their focus is almost exclusively on the change agent's degree of power and its acquisition, rather than on accepting and working with the existing political situation. For Pettigrew and Schein, the consultant must overpower the current powerholders in a macho game of who has the most power.

This paper will take a contrary position, arguing that it is misleading to think that consultants can do a great deal to build their own power base relative to the power of senior executives, and that it is very difficult to change the balance of power as it already exists among senior executives. Rather I will contend that consultants must adjust their overall intervention strategy to recognize and work with the established political dynamic. Otherwise, the consultant will be treated as an innocent pawn or a threatening knight.

But I am getting ahead of my story; let me first present an in-depth case description of a consultant's intervention in a major corporation, which should illustrate my point of view. From it I will develop a political framework for understanding better not only the fate of the consultants in the case situation but in other consulting engagements as well.

Case of the Retiring CEO

Gamma Industries is a Fortune 100 company with a diverse product line and extensive international operations. In early 1983, the company was faced with a third year of declining profits and the possibility of red ink for the first time in its history. The downward trend had continued despite a large infusion of $500 million from a European investor, which had taken a majority position in Gamma.

Prior to 1980 and the period of declining profits, Gamma had been led for ten years by a dynamic and dominating CEO and Chairman, John Amato, who had greatly increased profits, sales, and market share. When Amato retired in 1980, he was succeeded by his second in command, Ralph Hines, age 61, who had been a loyal but undistinguished subordinate. In contrast to the charismatic Amato, Hines was seen as a quiet "gentleman" who had emerged from years of obscurity in Gamma's administrative staff.

Shortly after becoming CEO and Chairman, Hines divided the company into two major industry groups, with one group representing an industry for old line products, and the other group including new products in a different and rapidly growing industry. Hines promoted Bill Baker, age 51, to be President of Gamma, and gave him responsibility for the old line group. Harry Katz, age 42, was made Vice-Chairman and assigned the new products group. Baker had come to Gamma three years before and was seen as a cool intellectual in the company, while Katz, recruited from a competitor in 1979, was known for his aggressive but warm personality. Hines assigned responsibility for daily operations of Gamma jointly to Baker and Katz, while he attended to relationships with the board of directors, financial community, and the European investor.

In late 1982, Ralph Hines, at the urging of Harry Katz, decided to replace the retiring Vice-President of Human Resources with an outsider, Chris Miller, age 50, who had been a personnel director at another Fortune 100 company. Miller was made an Executive Vice-President and member of the executive committee, which included Hines, Baker, Katz, and James Samuels, age 60, who resided in London as Vice-Chairman in charge of international operations.

Miller spent his first three months interviewing executives and workers throughout Gamma. His overall conclusions, which were reported to the executive committee, stated that "significant morale problems exist at all levels," and "few people perceive a clear strategic direction for the company." He also noted but did not report to the committee that there seemed to be a "growing feeling that Gamma was being run like two separate companies."

The executive committee directed Miller to look into the morale problem and to begin a program to deal with it. He then began a search for an outside consultant to give him assistance. Gamma had long been a heavy user of management consultants in functional areas and strategic planning.

Through various contacts and referrals, Miller phoned me and asked if he could stop by for a visit. We met and discussed the situation for about one hour, at which point I referred Miller to one of my faculty colleagues who is well known in the motivation and job design field. I did not feel sufficiently qualified to deal with problems of morale at the factory level.

Miller was sufficiently impressed by my colleague to invite him to make a presentation to Gamma's management council, which was a fifteen member committee composed of the executive committee and their immediate subordinates. Miller asked my colleague to describe how a "quality of working life" (QWL) program might be introduced in a selected part of Gamma's organization as an experiment to improve morale and performance.

Upon returning from the meeting, my colleague told me that he had never attended a meeting where "so much one-upsmanship was going on among the participants." He said that the Chairman, Ralph Hines, had remained quiet throughout the meeting, and that Harry Katz had been "less than enthusiastic about the presentation." Nothing happened afterwards as far as a project developing.

Two months later, Chris Miller phoned me again to arrange a second visit to my office. On this occasion, he reported that "political differences made it difficult to agree on a QWL project", and therefore he was "looking for a consultant who could work more with the top management group in charting a strategic direction for Gamma." He also felt that an "academic consultant would not be effective because of top management's skepticism toward professors."

Miller went on to describe the political situation as centering around Baker and Katz, the two heads of separate halves of the business. He said the Chairman refused to intervene, telling Miller that "competition between key managers is healthy for the profit center concept. Miller went on to tell me what he had not revealed to Hines, that "neither Baker or Katz were taking decisions to Hines." They had instead formed a "Thursday morning group," composed of themselves, a couple key subordinates and Miller, to discuss important operating issues. According to Miller, "both Baker and Katz had little respect for the Chairman and each saw himself as the logical successor to the Chairman's job." However, he said "neither Baker nor Katz were fighting publicly or privately with each other." "They simply do not cooperate with each other," he said.

My recommendation to Miller was for him to consider using Strategic Management, Inc. (SMI), a "blue chip" management consulting firm that had established a strong reputation in strategic planning projects, as well as an ability for bringing greater strategic consensus to a top group. Miller indicated an interest, so I arranged for him to meet with two of SMI's most experienced consultants, whom I thought would be well received by not only Miller but the two political contestants. Miller had warned me previously that whoever worked on the project from SMI would have to be acceptable to Baker and Katz.

In an initial meeting with the SMI consultants, Miller described at length his perceptions of Gamma's problems, saying the company was "drifting in the marketplace." He also spent considerable time on the personalities of Baker and Katz. The two senior consultants listened intently and asked occasional questions, after which they described SMI's background, clientele, and how they would likely approach a study of Gamma's problems. Miller liked what he heard and decided to set up a second meeting for the consultants to meet Baker and Katz.

The time and place of the second meeting was changed four times by either Baker or Katz, but finally after one month a one hour meeting was arranged. During this meeting, the SMI consultants did most of the talking in response to an initial question from Katz who asked about their personal backgrounds and previous clientele. Both Baker and Katz reacted in a friendly manner although neither spoke to the other during the discussion. They both placed blame for Gamma's problems on "changes in the industry." At the end of the meeting, as they stood shaking hands, Katz invited SMI to submit a written proposal for a first stage of field research to "ascertain the nature of Gamma's strategic problem." Chris Miller was delighted with the outcome.

A proposal was written and submitted by SMI to "determine the nature of the strategic problem facing Gamma through interviews with the top 70 officers and an examination of financial and marketing data." The proposed fee was $100,000, and the proposal concluded with a statement that "if the this first stage goes well, a second stage on implementation planning will be proposed."

Two months passed after receipt of the proposal, during which Miller reported to SMI that he had "an easy time in getting agreement from the Chairman but that it had been difficult to get Baker and Katz together at the same time to sign off on the proposal." Finally, agreement was given and the project began.

The first stage was supposed to be completed over a two month period, but it took almost four months because of scheduling difficulties. The consultants had intended to meet informally with the Thursday morning group every two weeks to report on their progress, but these meetings were postponed three times at the last minute, and when they did occur, Baker and Katz were rarely present together. The consultants' reports were usually brief, confined to work steps that had been taken, with substantive comments limited to general observations, such as "we're finding a lot of diversity in points of view as to what the strategy of Gamma is and should be." The group listened with interest and encouraged the consultants to continue.

About half way through the project, one of the senior consultants, Bob Hagen, happened accidentally to meet the Chairman, Ralph Hines, at the local airport where Hines invited him to ride into the city with him. The Chairman asked Hagen about the project, and the consultant replied with an informal report, highlighting one finding that "a large discrepancy seemed to exist between budgeted cost savings and the ammount that key executives now actually believed could be saved." Hines expressed surprise but did not inquire further.

Shortly after the airport incident, Chris Miller called SMI to ask that Bob Hagen be removed from the project because Baker and Katz had complained separately to him about Hagen revealing results of the study before talking with them. Apparently, the Chairman had returned to his office and called in Baker and Katz separately to explain the budget discrepancy, but they each denied that a short-fall existed. Miller told SMI that Baker and Katz still wanted to complete the consulting project because of its potential value. A different interpretation of these events was given by the remaining senior consultant, who said, "We had learned too much about Gamma, and lower level executives were too favorable toward the project for us to be fired, so we replaced Bob Hagen who had a lot of other work to do anyway."

The project continued as before, including sporadic meetings with the Thursday Morning Group. Baker usually attended but Katz was seldom present. When the final report was ready, it was given orally with slides to the Thursday morning group, which reacted favorably. The report called attention to a lack of agreement on corporate strategy among Gamma's senior executives, as well as to a proliferation of formal systems that seemed to be in conflict with each other, such as compensation and budgeting. The same report was also given to Gamma's management council with Ralph Hines in attentance. Again, the report was well received.

Shortly thereafter, Chris Miller asked SMI to prepare a second proposal on implementation planning. The proposal was immediately written and submitted, with estimated fees of

$200,000, which were to cover further investigation and preparation of an action plan. Within two weeks, Chris Miller called SMI to say that the proposal had been approved.

The second stage was relatively uneventful for SMI, compared to the first stage. There were fewer meetings with the Thursday Morning group because of continued scheduling difficulties, but Baker and Katz each indicated, in separate contacts, that they were pleased with the project to date.

As the final report neared completion, a sudden and unexpected event occurred when the European majority shareholder moved in to take charge of Gamma. It had acted, with agreement of Gamma's Board and Ralph Hines, because of a concern for Gamma's deteriorating profit position. The European company arranged for the appointment of one of its senior executives to be Acting Vice-Chairman and Chief Operating Officer of Gamma. The new Vice-Chairman was to reside at Gamma headquarters where he was to make a full assessment of the situation and submit recommendations to Gamma's Board and its European shareholder.

Gamma's senior management was stunned by the move, as was SMI. Chris Miller told SMI to postpone its final report on implementation for a few weeks until he could become better acquainted with the new Vice-Chairman. Four weeks later, Chris Miller asked SMI to make its report on implementation to the new Vice-Chairman. SMI gave its report orally with slides to the Vice-Chairman, Ralph Hines, Chris Miller, and Harry Katz, who requested at the last minute that he be allowed to sit in. The Vice-Chairman listened thoughtfully, asked questions and took a few notes. The other parties remained silent. At the conclusion, the new Vice-Chairman warmly thanked SMI, saying that he would like to meet privately with them in a few weeks.

SMI heard nothing from Gamma until four weeks later when an SMI consultant learned from a friend at Gamma that Harry Katz was "rumored to be on his way out." However, one week later, the newspapers reported that Bill Baker had resigned as President of Gamma. Three days later, the newspapers also reported that a new President had been appointed from outside the company. The new President was placed in charge of the entire company and reported directly to Ralph Hines. The temporary Vice-Chairman from the European shareholder announced that he was returning to his London base.

The SMI consultants were last seen trying to make an appointment with the new President, but Chris Miller said it was too early for a report to be made to him. Three months passed and still nothing had happened. The consultants had made over $300,000 in fees, but they felt deeply frustrated over the lack of response from Gamma.

Power and Consent

How do we make sense out of this case example? What caused a major change project to be initiated and carried out for several months without anything happening in the way of actual change? Why were the consultants apparently deceieved by Gamma's management, which asked for assistance, acted pleased with the work, paid sizeable fees, and yet did nothing with the results?

An immediate reaction from the reader might be that "the consultants blew it by their lack of process skills." As this argument goes, "If the consultants had only confronted what was really going on and engaged in an off-site team building exercise, they might never have found themselves out in the cold." However, I could retort by saying that both senior consultants had been heavily trained in process skills (one was a long time T-Group trainer), and perhaps more importantly was their track record of success at achieving major change in other large corporations.

Another alternative explanation might come from the advocates of corporate culture. Their analysis would accuse the consultants of being naive to the intractability of a total corporate culture that had produced executives like Hines, Baker and Katz. A corporate norm of individual competition had obviously led to political infighting. This explanation, however, is questionable because Baker and Katz had only been with the company for three and four years respectively. Also, the individual differences in their behavior were great enough to question whether they were clones of a corporate mold.

Other readers might contend that the case is atypical, but a little reflection should reveal that it is a more common occurence than many of us care to acknowledge. I reviewed the case with several management consultant friends, and they saw little that is unusual about it. In fact, they were ready to contribute many more examples of failed change, while still earning high fees.

For my personal unraveling of the Gamma case, I would like to turn to the concept of power, beginning with the power literature. While this literature is quite vast, it is relatively undeveloped when it comes to understanding the relationship between power, top management behavior, and change.

The most sweeping review of the power literature and an attempted integration of it was recently reported by Henry Mintzberg in his book Power In and Around Organizations (1983). The book's scope and macro-conceptual development is commendable, but it oversimplifies the definitional side of power, leaving it only to "the capacity to effect organizational outcomes." While this sweeping definition no doubt serves well the breadth of Mintzberg's focus, it is too general and abstract for explaining political intrigue among key executives in a top management group.

I prefer returning to the classical definition of power used first by Weber (1961) in referring to power as "legitimate authority", and then developed further by French and Raven (1959) when they define power as "stemming from internalized values which dictate that there is a legitimate right to influence and an obligation to accept this influence." In a similar vein, Dalton, Barnes and Zaleznik (1968) refer to power as "the potential one individual has to direct, guide, control or alter the behavior of others...power therefore involves the desire to use authority to influence others." Salancik and Pfeffer (1977) summarize the concept succinctly with "power always depends on other people."

All these scholars view power as a latent and subjective attitude toward interpersonal influence that is embedded in the relationship between a superior and subordinates. We can see this shared viewpoint rooted in words like "legitimate," "obligation," "internalized," "potential," "desired," and "accept." They clearly go beyond traditional definitions that confine power to a person's formal position, although they accept "authority" as a starting point.

Both the "objective" side of power, which is related to formal authority and its command over resources, and the "subjective" side, which is concerned with interpersonal attitudes toward exerting and accepting influence, seem essential in any contemporary definition of power. We cannot deny that a vice-president in an organization can do a lot of nice or nasty things to a foreman, based simply on differences in formal position. But formal authority is often more ambiguous between a supervisor and immediate subordinates, especially in today's organizations that are not so pyramidal or arbitrary in their decision making processes.

Mintzberg (1983) contends that the CEO is "inevitably the single most powerful individual in the whole system of power in and around the organization." While he may be correct when considering the CEO from the vantage point of employees several levels removed or by distant shareholders, the degree of a CEO's power can become more tenuous when considered in close proximity with immediate subordinates.

The CEO may, in fact, hold ambivalent attitudes toward asserting influence, especially if subordinates also retain a great deal of formal authority. In this intimate setting, we can expect a dynamic juggling act, as each key subordinate assesses his/her own power base and set of personal ambitions, which in turn are weighed off against each other and the CEO.

Missing in all these definitions is the behavioral context of a social group, especially a top management group, as the unit of analysis for understanding how the balance of power results in political behavior. It would be naive to conceive of power as a discrete and isolated element that only occasionally comes into play between two people, boss and subordinate. Rather the top management group builds up a series of experiences together as they observe over time how the CEO interacts with them as a group. They have learned through trial and error experience what they can get away with and what brings sanction from the CEO. They have also learned that it is possible, on occasion, to band together as a coalition to subvert or enhance the power of the CEO. Gradually, over time, a social norm emerges in the group as to what is considered "legitimate" influence behavior between the CEO and the rest of the group. A state of quasi-equilibrium has been established that serves the collectivity of individual interests.

Therefore, as a working definition in this paper, I will define power as <u>an institutionalized pattern of influence behavior that emerges over time in a top management group,</u>

stemming from (1) the extent that the CEO in a superior authority position is willing to assert influence over his or her immediate subordinates, and (2) the extent that these subordinates are willing to accept the CEO's influence.

A simplified matrix can be derived from this definition that seems to capture not only the political dynamic at Gamma but other patterns of influence behavior that appear in top management groups. Figure A below highlights the two key underlying dimensions of power noted above in my definition, along with four alternative manifestations of polititical behavior that emerge as the two dimensions intersect. As varying degrees of willingness to assert and accept power come together, we find a different balance of power and its accompanying pattern of group behavior.

Figure A

Different Political Resolutions of Power in Top Management Groups

Willingness of Key Subordinates as a Group to Accept CEO's Influence	Hi	Passive Loyalty	Active Consensus
	Lo	Peer Rivalry	Covert Resistance
		Lo	Hi
		Willingness of CEO to Assert Influence Over the Group	

The lower left box, labeled "Peer Rivalry", characterizes the case situation at Gamma. Here we find two key subordinates, Baker and Katz, who felt a low willingness to accept the CEO's authority. They excluded Ralph Hines from their meetings and neglected to take decisions to him. Hines even tolerated his exclusion, and reinforced it by orienting his attention to the Board and other external stakeholders. What emerged was rivalrous behavior between Baker and Katz, who each avoided contact with the other, seeking only to build their separate business units. Their personal ambitions predominated over a concern for declining corporate performance. As profits worsened, each party likely smiled at the prospect of Hines being replaced.

In the upper left box, "Passive Loyalty," we find a group of key subordinates who are willing to accept the CEO's power, but this power is rarely used. It is a lassez-faire situation where behavior in the group can be described as slow and ponderous as they wait for the CEO to act, and, when he/she does act, the group will likely follow. In the meantime, they go on about their jobs within the last mandate given by the CEO. They are dedicated to the CEO and have his or her best interests at heart, but they move only according to the pace set by the CEO.

The upper right quadrant, called "Active Consensus," represents a more complete alignment between the CEO and his or her immediate subordinates. Here they accept the CEO's power, and he/she exercises it. They join together to behave as an active team under the strong leadership of the CEO. Key subordinates are not waiting for the CEO to act because they already embody the president. What the CEO would do is what they as individuals would do. They have merged their individual interests with the good of the group...to create a state of "empowerment" where the group would climb a mountain together, or walk off a cliff arm-in-arm.

Finally, in the lower right box, which I call "covert resistance", is the consultant's nightmare. Here we find an assertive CEO whose actions are not accepted by his or her key subordinates. Furthermore, the surbordinates are working sub rosa as an active coalition to undercut the CEO's actions. The Gamma group reverted to this box whenever the CEO, on rare occasion, chose to act, such as when Hines questioned Baker and Katz about the discrepancy in budgeted cost savings. This is a group in a state of constant tension where total energy is expended on playing games to outwit the CEO. The entire organization can be torn apart by mixed signals emanating from the top--the CEO going one way and the subordinates headed in another direction. It is an unstable situation where eventually either the CEO will be removed by the Board, or more likely the CEO will act to remove the subversive subordinates.

Diagnois and Intervention

The four alternative political behavior patterns indicated in Figure A present different challenges to the entering consultant who is concerned with producing major change throughout an organization. Failure to diagnose these patterns at the outset can doom the change effort. Each situation is not intractable, but does require carefully tailored actions that stem from a sensitive appraisal of the political condition. Moreover, this diagnosis must be made immediately, beginning upon initial contact with the client organization. Depending on the conclusions reached, the consultant will make several decisions as to who should be the principal client contact and how to conduct himself or herself with this contact and other members of the top management group.

The consultant's first diagnostic step is to assign the top group to one of the four quadrants of the model I have outlined. Clues essential for this placement arise out of initial observations and interviews by the consultant. The model itself provides a set of general questions to guide the consultant's inquiry; to what extent is the CEO willing and active in exerting influence over the group, and to what extent are key subordinates willing to accept this influence? Of course, specific questions in interviews with subordinates of the CEO will have to be phrased more subtlely, such as: "Where do you see the strategic direction of the company headed?" Has the CEO given much emphasis to this direction?" "To what extent are you in ageement with this strategy?" "To what extent do you see your colleagues in agreement with this direction?" "How often do you meet with the CEO as a group?" "Do you feel that the group is a strong team that is working closely with the CEO?" "Does the CEO get involved in solving conflicts that arise among you?" "Can you tell me about one of these recent conflicts and how the CEO handled it?" The same questions can be rephrased in interviews with the CEO as he or she talks about working with the top group.

Observations by the consultant may be even more revealing. For example, in the Gamma case, the SMI consultants should have been alerted by difficulties in scheduling an initial meeting with the two rivals, Baker and Katz. Also, when they did meet, the fact that neither spoke to the other should have confirmed a hunch that a condition of rivalry existed. Furthermore, the CEO was not invited to this meeting, and his exclusion from the Thursday morning group added validity to his lack of acceptance.

Once the consultant forms an opinion about which "box" the top group is in, the diagnosis should be refined to determine more accurately where in the "box" does the group exist. Is the group deeply mired in the lower right corner of "covert resistance" or is it up closer to "active consensus" where only a minor issue is causing subordinates to resist? Placing the group more accurately in its "box" will aid the consultant in knowing how difficult it will be to move the group toward "active consensus.

Next, the consultant should develop a clearer picture of the underlying "causes" behind the "box" placement. Here, it is useful to classify these "causes" along a continuum from "emotional" to "substantive" differences. In the "emotional" area, there may be deep personality differences of a "chemistry" nature or several of the subordinates may have written off the CEO as "incompetent." More toward the "substantive" side are differences arising from an understanding of the marketplace or the degree of technological change in the industry. To the extent that a majority of causal factors line up on the "emotional" side, the job facing the consultant is going to be much more difficult, if not impossible. On the other hand, if the differences are largely due to "substantive" factors, the consultant should have an easier task of gathering additional data to support or refute various positions in the group.

These diagnostic steps cannot be performed in a mechanical sequence, nor can they be time consuming. All three analytical steps must take place simultaneously and a tentative set of conclusions must be drawn within a few days of beginning a project, preferably before a project is even agreed upon. Knowledge about the political dynamic should allow the consultant to answer such questions as: "Should we even attempt this project?" "What are our chances of success?" "Do we have the right person as our client contact?" "Where should we direct the focus of our project?" "Do we need to confront and test certain hunches with the client before proceeding?" "Should our initial agreement with the client contact be renegotiated?"

Let me now illustrate how the above diagnosis leads to alternative consulting strategies and interventions for each of the four political conditions described in Figure A.

The Gamma situation, which I would place in the deepest left hand corner of the "peer rivalry" quadrant, is a very difficult consulting arena. The CEO is seen as weak and even "incompetent" by his subordinates. They are divided by deep "emotional" differences, not "substantive" conflicts over corporate strategy. More assertive behavior by the CEO over the budget discrepancy threatened to move the political situation into the lower right box of "covert resistance." Overall, at Gamma, there is little willingness by the top group to engage in serious collaboration with each other, with the CEO, or with the consultant. They are playing out a political drama that precludes a strong CEO or teamwork.

We can see from this analysis not only why SMI was accepted as a consultant but also why they failed to have any significant effect. Each of the rivalrous parties at Gamma was willing to assign responsibility for worrying about the total firm to an outside party, while going about their own narrow interests. At they same time, the consultants were coopted by the political dynamic that existed. They accepted the Thursday morning group as their client, an amorphous group that paid only lip service to taking concerted action at the firm level. For Baker and Katz, the real value of the consulting study was to provide proof that Hines should not be the CEO.

What might SMI have done differently? I seriously doubt that they could have reformed Ralph Hines, the CEO, into a more assertive and competent leader, and even these actions would probably have been resisted. Team building for the top group would likely have been rejected or engaged in without serious intent. Instead, my recommendation to SMI would have been twofold: one is to advise Hines to remove either Baker or Katz and to place the survivor in charge of both halves of the business, or secondly to choose up with the most powerful peer, namely Katz, and work with him on his separate organization. A change effort directed at the total organization seems out of the question until the composition of the top group is changed. If it is impossible to get Hines to remove either Baker or Katz, then SMI might be better positioned to focus first on Katz, and then work later on total corporate issues, assuming of course that Katz survives and that SMI's work with him has proven effective.

The "passive loyalty" box represents a political situation that is more amenable to consulting and organization-wide change. Intervention in this benign situation requires the change agent to build a close advisory relationship with the CEO. The consulting problem is to assess how possible it is to assist the CEO in becomming more assertive. Such an effort does not necessarily require the CEO to change his or her personality; in fact, the consultant may have to become a surrogte CEO who leads the real CEO by the hand. The CEO could sanction a new plan, prepared by the consultant, which would redirect the activities of the key subordinates. However, personal chemistry between the consultant and the CEO will be a determining factor. If the consultant aligns with any of the key subordinates, positive action is not likely to be taken because all eyes are turned upward toward the CEO. They will not act until he/she acts, or until the CEO sanctions their acts.

The third box of "covert resistance" contains the seeds of a consulting disaster, especially if "emotional" factors are behind the situation. If the assertive CEO is resented as a tyrant, which is often the case in my experience, the consultant will probably get chewed up in the process. The CEO cannot become the client because his/her subordinates will resist whatever comes down, and none of the subordinates can become constructive clients because they are interested only in actions that will subvert the CEO. Other than withdrawal, one daring intervention might be to go over the head of the CEO to the Board and recommend his or her removal. This act would stand little chance, however, if the Board is a captive of the CEO. Another naive intervention, in my opinion, would be to initiate a "confrontation meeting" for the top group. I doubt that the proposal would be accepted, but should it be, the personal conflicts seem so deeply rooted that only a more severe crisis would be precipitated.

There is hope in this situation, however, if the "causes" are rooted more in incompetent and obstructive subordinates or if the conflict is due to substantive differences. In the case of obstructive subordinates, the consultant can work with the CEO in recommending that certain subordinates be removed and replaced with more constructive executives. Substantive differences are resolvable through counseling the CEO to seek a new plan or set of policies that both the CEO and the subordinates can reach greater agreement around. Searching for substantive agreement will be difficult because strong differences clearly underlie the present situation. Either side, CEO or subordinates, may have to compromise significantly in order to join up as a united team.

The "active consensus" box is a "good news and bad news" dilemma for the consultant. The "good news" is that the consultant should be able to build an effective relationship with any key member of the group, although the most likely client is the CEO and the total team if large scale corporate change is the issue. In this cohesive setting, the consultant can be assured that concerted action will be taken. Political side trips to satisfy individual agendas will not be a significant problem. If the consultant is working on a sub-unit issue with any of the key subordinates, the consultant can also assume that actions taken by the subordinate will have the support of the CEO. Unfortunately, this paradise for a consultant is rarely the case in a majority of organizations.

As for the "bad news," what if the "active consensus" group is blindly united in commiting corporate suicide, such as persisting in manufacturing gas guzzling cars while being aware that imports are taking over the market? Here we have a case that likely requires major strategic and cultural change in the company, and the top group is unaware of this need. Their values and competencies are geared to past successes, not future requirements. Short of wholesale replacement of the entire top team, which is rarely within a consultant's power, what can be done? Here the consultants will have to work intensively over a long period of time with the whole corporation, first with the top group and then with other levels, in unfreezing them from past values and reeducating them in new market demands and managerial practices. This is a job reserved only for a large consulting firm, equipped with an army of multi-disciplinary consultants who know as much about behavioral therapy as global competition.

An Overdue Challenge

In this paper, I have tried to deal with a problem that is far more complex and important than the brief and scholarly treatment given to it here. Top management politics is a subject about which management scholars have been strangely silent, and only occasionally do we hear about it from political scientists and consultants. We all know Graham Allison's book, The Cuban Missle Crisis (1971), but in the corporate realm there is a rarely cited but insightful article by McKinsey consultant, Alonzo McDonald, who in "Conflict at the Summit: A Deadly Game" (1972), states:

> If the power center at the top is in chaos, what hope has the rest of the corporation for constructive action? Business cannot go on as usual. Limp, anxious, and vulnerable, the organization is unable to react effectively to new threats. As the contagion spreads, even distant departments are soon infected with pettiness, personal rivalries linked to different leaders, and arbitrary rulings of little logic or importance.

While McDonald goes on to propose a higher moral code for the selection and admission of executives to top management, I am more concerned with pragmatic steps that a consultant can take in working with the political contestants. Too many change attempts with noble aims falter on the rocks of a political dynamic that the consultant fails to understand. Furthermore, the consultant can be misled for months into thinking that all is well and that progress is being made. It is only much later, when it is too late for recovery, that the consultant realizes how his/her efforts have been subverted by the power structure at the top...beginning on the first day of the project.

So far the interventionist literature, with its admirable humanistic values, has been blinded to the importance of an astute political diagnosis during the entry process. And the power literature, with few exceptions like Pfeffer (1981) and Kotter (1982), has neglected the concrete implications for managerial behavior and change in favor of constructing abstract theories on paper.

My immodest hope is that the framework proposed in this paper, along with its accompanying message, is an initial start in a new direction for research and consultancy at the top management level. Scholars should seek grounded political theories of the "if-then" type described here that focus on real behavior in a contextual setting. And consultants must begin to incorporate the same systematic approach in tailoring their interventions to a particular political dynamic that cannot be easily altered by a foreign intruder. Senior executives can hopefully use such analytical frameworks to gauge their own situations and personal actions, instead of waiting for problematic rescue by a consultant. The overriding message is that universal theories and solutions are relics of the past.

The place to focus our efforts in this search is on the executive suite. Researchers will find only weak explanations for failed strategic and organization change out on the shop floor or in elusive concepts of corporate culture. Likewise, consultants will have to value their political savvy more than big bucks at the end of the rainbow. Future executives, too, will need formal training in power and politics instead of learning the wrong lessons in a corporate jungle.

The stakes are high because organizations must adapt to a new economy based on services, technology and information. Organization change is an imperative where little slack exists for delay or error. Yet we still remain naive about power and politics, as if science or education cannot be muddied by real world events. The challenge is waiting for us to accept.

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