

Preface

Today's organisations provide for most of our needs as individuals and as a society. It is largely through our organisations that we take actions today that will influence and shape our future. In the industrialised democracies, the majority of citizens are employed in such organisations. The quality of our lives is dependent on the quality of work that we carry out in organisations, which in turn depends upon the quality of the workforce and its leadership.

The degree and rate of change in technology; global competition; process innovations that tightly link relationships among suppliers, producers and customers; and changing social and political relationships make leadership more complex and difficult.

However, many leaders and commentators see those changes as being driven by technology, or 'markets'. While a great deal of money is poured into new technical processes and their development, the understanding of their impact and dependence upon social processes is underrated. The critical work of people can easily be underestimated.

It is as if we do not see the need to develop such a deep understanding of social process as we do of technical process. We assume that somehow people will cope and that if help is needed in this area there are plenty of short cuts; ideas that in retrospect are fads – a few principles, steps or rules that seem to simplify the most complex problem. When they fail, there are plenty more available.

This book does not offer fads, short cuts or magic. It recognises that leadership is difficult and hard work; that people are complex and have opinions. It recognises that, if an organisation is to be successful, then understanding the social processes is just as important as understanding the technical or commercial processes. People should not be taken for granted; goodwill is not inexhaustible.

If leaders *do not* understand people and how they view the world, they will fail. If they *do* understand people, they have a chance to engage the knowledge and creativity embodied in everyone. Technology can be bought or sold. Two organisations can have the same technology. No two organisations have the same workforce or the same leaders. Having the right people in the right place at the right time is difficult but immensely rewarding for both the organisation and the people in it or doing the right work associated with it.

Many leaders will say 'people are our most important asset'. Yet their behaviour contradicts this every day. Even describing people as an 'asset' or as 'human capital' shows a lack of understanding that people are living beings with a will of their own. This will can be directed to the benefit or detriment of the organisation.

Creating a positive organisation is not easy; even for the more serious leader or student of organisations there are difficulties. What theory, method or model is relevant? One problem is that often concepts are disconnected. There is one theory for structure and another for systems,

There are three areas in life where people seem particularly vulnerable to fads and short cuts: dieting, parenting and leadership. We seem to want to hear about a magic, quick and easy solution. If that is your view about leadership, this book is not for you.

yet another for team-building and more for leadership, management, capability, succession planning, building trust, change processes, transformation, process re-engineering and so on.

Leaders have found that too many management ‘theories’ are not really theories at all. They are presented as magic. They tell you what goes in and what comes out, but you don’t know what happens in the ‘black box’ in the middle.

They make assertions, followed by stories of a few exemplars who have had success. There is no context, no linking of cause and effect – no linking of action to outcome. There is no statement as to how and why it works, nor is there a statement regarding conditions where it will succeed or where it is likely to fail. Too often managers find themselves in the position of the old Indian Chief in the movie *Little Big Man*: when his prediction did not come true, he said, ‘Sometimes the magic works and sometimes it doesn’t.’

As a consequence members of the organisation just wait for each wave to pass. Contradictions in the ‘theories’ lead to contradictions in behaviour. The workforce becomes more cynical and Dilbert becomes an international hero.

Micklethwait and Wooldridge (1996: 60) perhaps say it best: ‘... from the management industry’s viewpoint, the beauty of the system [where one management theory rapidly follows on from another] is that none of the formulas work – or at least they do not work completely as the anguished and greedy buyers hope. The result is enormous profits for the gurus but confusion for their clients.’ In one organisation that had pursued fad after managerial fad, the managing director said, ‘We put a lot of planes in the air; we are very good at take offs, but not very good at landings.’

Such fads also leave behind real fear and anxiety, as well as considerable human wreckage. At the most basic level, managers and workers fear losing their jobs. Managers also find contradictory advice not only frightening, but disorienting. As one recently promoted senior executive, with a highly successful 30-year career, put it, ‘I don’t know what my job is, and I’m afraid someone will find out.’

Our work suggests he is not alone. The ways we perceive the world, absorb information and turn it into useful knowledge still have much in common with our ancestors. We need safety and security, recognition and esteem. We hope to succeed, but we must live with the fear and insecurity of our imperfections. Working in today’s social, political and economic environment takes great courage. It would be helpful to have some sound advice.

Purpose

The purpose of this book is to present a coherent conceptual framework that explains why people behave as they do in organisations. This in turn can guide leaders of such organisations along the path of creating the conditions that encourage genuinely constructive and productive behaviour. In short, this book is about how to build a positive organisation.

To achieve this purpose we present a set of concepts and models that predict what will and will not be effective in organisations regarding leadership, systems, staffing and structures. Rather than providing a set of prefabricated solutions or recipes for success, our purpose is to provide you with tools that help to create more effective leaders and build a positive organisation. Using these tools, managers and leaders have found they can greatly, simultaneously, improve the working lives of people in their organisations and the performance of the organisation as they gain greater understanding of the underlying values and social processes in the world around them and in turn more effectively achieve their purpose.

Overview of the book's content

First, we should point out that this book is not intended to be a complete primer on management. We focus on human social processes and relationships. We do not present a complete picture that would include financial, technical or legal elements of leadership and organisations. These are available in other publications. We do, however, try to show the links to these other important areas of organisational practice.

This book is written to help leaders create conditions that actively encourage people to use their capabilities in achieving constructive goals.

We argue that this is not a matter of applying a few simple rules. It is not easy because elements of an organisation are connected. The structure is influenced by systems and in turn influenced by the capability of people. The quality of leadership, clarity of work and role and the underlying nature of relationships all help to determine how an organisation runs. This is why understanding these relationships requires a coherent, overall, conceptual framework from which a set of tools can be fashioned to help understand and manage these relationships. There is no short cut, no silver bullet. We have found, that for many leaders of organisations understanding this material gives a structure and meaning to experience. It gives 'common sense' a rationale. We have had many good, leaders say to us how these ideas gave form to what they do intuitively and filled in the gaps; helping them understand why some actions worked and others didn't.

This book is about how to build and run a positive and successful organisation. Success is defined as:

- achieving the organisation's purpose;
- providing work to match and challenge the capabilities of employees/members;
- providing appropriate recognition and reward for that work;
- making a positive contribution to the society within which the organisation operates (or a range of societies in the case of multinational and international organisations).

Running a successful organisation over time cannot be done by charismatic leadership alone. There need to be structures and systems that can survive individuals. Therefore this book is organised and written to build from very general statements and propositions about human behaviour to very specific examples of implementation in particular contexts.

Each part of the book builds on the previous part and will not make full sense without understanding the basic propositions made earlier.

In summary

Part 1 explains the basic principles of human behaviour which are relevant to social organisation. It is about how we make sense of the world and how we influence, and are influenced by, others.

Part 2 sets these principles in the context of particular types of organisation and shows how constructive behaviour can be encouraged or distorted. It lays the foundation for effectively organising work and it examines the nature of work and organisations. Students of Jaques will recognise the linkages to his work and the work of his colleagues. We also highlight some significant differences. This part concentrates on the basic purpose and structure of

organisations, what is meant by a meritocracy and how that reflects the nature of human capability. These are the basic building blocks, and the foundations.

Part 3, Systems Leadership, builds on this foundation to explain the elements of systems leadership that help the organisation run and live. It puts the flesh and blood on the skeleton of the structure. It is the human component: how leaders build culture, use their authority, build teams and create a living organisation which can act as a positive force within society.

Part 4 turns to the very practical lessons of how to implement and sustain positive changes using the concepts dealt with previously. It clearly states the necessary conditions for success and how they are underpinned by the design and implementation of effective systems. It also highlights the traps and dangers of change programmes and warns against the exploitation of goodwill and the need for consistency of purpose and leadership.

Finally, we have included a range of case studies, real practical examples of the use of the concepts by leaders and some of the expected and unexpected benefits of applying systems leadership. These can be found on the CD-ROM attached to the book.

The theory and managerial practices presented provide analytic tools, a methodology, and logic for good management and leadership practice. They can never, however, take the place of the managerial judgment that is the lifeblood of the organisation.

It is vital that this distinction be understood, as it is the common thread throughout the book. We emphasise the difference between *necessary* and *sufficient* conditions. Too often organisational texts suggest we can create systems that provide *both* the necessary *and* sufficient conditions for success. We believe this is a misguided quest that ends in the creation of organisations and systems that function as straitjackets. When such systems are implemented they lead to frustration and failure. Eventually, if the organisation is to survive, people will simply get round them.

Once again: theories and systems can only provide the *necessary* conditions; the *sufficient* conditions must be provided by human judgment. We will discuss the elements that properly set the limits on managerial judgment while at the same time allowing (and requiring) managers to exercise their judgment. We respect the right and necessity of each manager to make such judgments, and none of our propositions should be seen to conflict with that right and necessity.

Systems Leadership: What Use is Theory?

Relating theory to practice

Each of the authors has heard managers argue that theory is worthless; experience is what counts. Some managers seem to pride themselves on their disdain of theory. These same managers then go on to quote their own views of management, for example, 'it is just common sense', But what is 'common sense' other than an implicit theory?

All capable managers use such implicit theories every day, often with success. When this is done exceptionally well, we refer to the person as a 'charismatic leader'. This always carries a hint of mystery and magic.

On the other hand, some scholars articulate theories, but never put them to the test of practice. These are the 'academic theories' often scorned by many managers. Even where such articulated theories are put to the test, the methods too often reflect a distorted view of science that eliminates human intentions and values, or are so 'experimental' they are unrealistic. See the many journal articles on social organisation that have no impact on real managers. 'It may sound good in theory, but it won't work in practice.' 'We tried that (name your least favourite theory). It was just a waste of time.'

To get things right requires an understanding of the elements and relationships illustrated in Figure I.1.

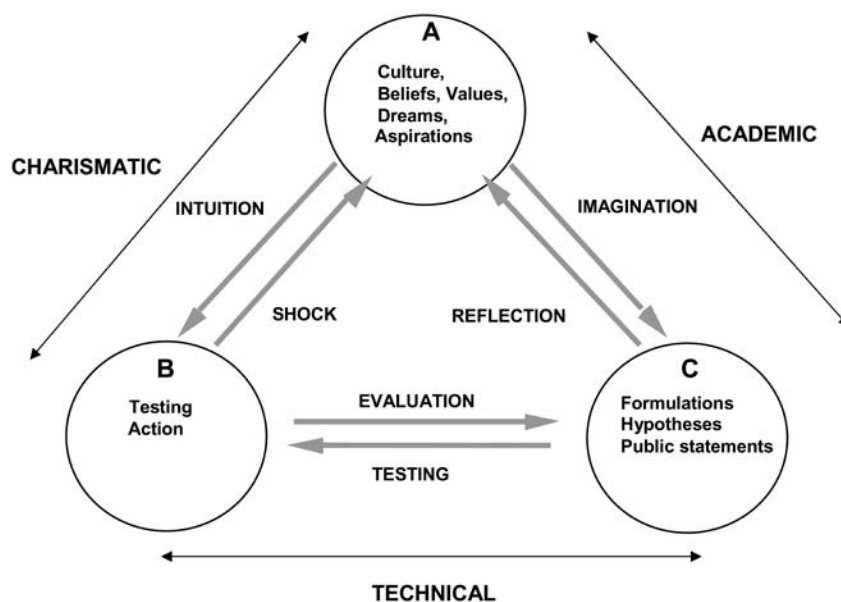


Figure I.1 Human Decision-Making Model

2 Systems Leadership

We argue that all human beings have beliefs, values, dreams and aspirations. Any valid theory of human behaviour must take these into account. All managers operate on the left side of the diagram, using cells A and B, some of the time. Their actions are guided by their intuition ('gut feel'). When the result they intended does not occur, the shock forces them back into their beliefs to consider what happened and how they might change their actions to reach their intended goal. Unfortunately, if their theories are implicit and unformulated, they are largely untestable. Therefore it is more difficult to replicate success and to avoid future failures.

Sometimes, it is impossible to articulate to others what we have actually learned. This can become quite serious as one of the authors observed in a meeting with Hewlett-Packard executives in the early 1980s. Both Bill Hewlett and David Packard were long retired, but in this meeting to deal with several difficult issues, the question came up more than once, 'What would Bill and Dave have done?'. Executives recognised these two founders had insights that others were struggling to grasp, but they had not been able (or perhaps even aware of the need) to pass their insights on to their successors.

Academics often get locked into A and C, caught in a loop that never makes contact with the real world. If people are locked into the relationship between B and C, the formulations and the tests are devoid of human meaning and intention. Some of this research may be useful, but it is difficult to apply when the human dimension is omitted, often on the claim of being 'value free'. This leads to tragedy, as when scientists become so disconnected from their human values they are capable of inhuman experiments like those conducted at Auschwitz.

What is required, of course, is that all three elements be used together. This may be better done by a number of people working together. It is not that managers cannot articulate their hypotheses; it is that they are often too busy and time-pressured to take the time to define terms clearly and formulate clear hypotheses. In our experience, such formulations do not come easily or quickly. They require much hard work, and once articulated, they often have to be modified as they are tested in practice.

That is why the authors have found their joint working relationship so productive. We were continuously in touch with all three elements of the model. As you reflect on your work, keep in mind that *all* the elements, A, B and C, are essential.

Language – social and scientific

One difficulty that all writers and practitioners involved in organisational theory and behaviour confront is that unlike physics, chemistry, biology or engineering, there are no terms or concepts with universally accepted definitions. In the sciences, key concepts such as mass, volume, acceleration, DNA, cell, tensile strength and stress are agreed upon, even where there are competing theories. Thus, it is possible to share meaning quite precisely. This is a difficulty that Elliott Jaques¹ was highly aware of and described as a major problem in the field.

To study social processes such as management, two types of meaning need to be introduced. The first is 'scientific' meaning, where an entity or term has an agreed meaning by which we can determine whether an entity is 'one of those' or not. The second type we term 'social' meaning. In our everyday lives we approximate and assume an overlap in understanding without worrying too much if we mean precisely the same thing.

¹ We will refer to and discuss Dr Jaques' work with regard to 'organisational behaviour' at various points in this book.

Throughout our life we gradually learn increasingly sophisticated and more abstract discriminating (in the literal sense) categories. Thus, for a small child, all animals might be 'dog', but gradually the set of 'animal' becomes superordinate to dog, cat, cow, kangaroo and so on (see Box I.1).

One of the problems in the field of organisational theory is that language to describe the concepts is often in the domain of social meaning. That is, we have a general understanding of terms such as manager, leader, authority, power, team or organisation, but there may be and often are significant differences. Is a manager also a leader? Is a leader a manager? Can one be a manager if one has no direct reports? Do you have a team if a manager appoints the leader or must a team select its own leader?

In everyday conversations such details usually do not matter. To emphasise such details would appear at best pedantic, at worst bizarre. For example, if friends get together for lunch and one asks another, 'What do you do?', a typical reply might be, 'I am a supervisor at the local plant'. It would be odd, indeed, if the first person then asked, 'So what exactly is the extent of your authority; how does it differ from that of a manager?' (although Karl Stewart, one of the authors, might do so).

In the workplace, however, such issues of authority are of utmost importance, especially to the worker who may be asked to carry out a task. He or she needs to know if this person has the authority to tell him or her what to do, and within what limits. These are significant issues for both the worker and the supervisor, issues that may change the response of the worker to the supervisor's direction. When trying to implement a new way of working, social meaning can cause considerable confusion.

The practical value of good theory

A good theory uses defined terms and specifies the relationships between and among them so that clear formulations can be made and tested. So often in books and journals we see terms undefined. Jaques often asked people to write down the definition of a manager. It is an interesting task. Critical terms such as 'leader', 'culture', 'authority', even 'work' are just not defined but simply used, assuming a shared definition. Like Humpty Dumpty in *Alice in Wonderland*, words can mean what we want them to mean and so misunderstanding is 'your fault'. Terms then get recycled to sell 'new' ideas: 'change' becomes 'transformation', 'detail' becomes 'granular', 'redundancy' becomes 'down-sizing' or 'right-sizing'. For an excellent treatise on this point see Don Watson's *Weasel Words* (2004).

We have confusing terms such as 'self-directed teams' and 'team pay'. Do such teams have no manager or leader? Do they all get the same pay? We have found that asking these questions is often regarded as pedantic.

Michael Armstrong, in *Rewarding Teams* (2000), asserts 'There is no secret to success. It is never wise, it is never fair, it is never safe to generalise about team based pay.' If this is the

Box I.1 Social and Scientific Meanings

Social meaning: A term which is assumed to have similarity for the purpose of social interaction: 'you know what I mean?'

Scientific meaning: A precisely defined term with deliberately clear boundaries for the purpose of testing hypotheses: 'this is what I mean'.

case, then it raises questions about the quality of the underlying theory, or the lack thereof. To be valid, a theory must explain all the activity in the field it covers and allow users of the theory to predict outcomes under varying conditions. Clearly the current theories about team pay fail this test.

Professionals in other fields are not so reluctant to be specific about, for example, the effect of smoking on the lungs, stress on a bridge, aerodynamic properties required to keep a plane in the sky, or the temperature in a reduction cell needed to produce aluminium. It is important to note, however, that all these propositions depend absolutely upon a base of shared definitions of entities and the clear description of properties, relationships and constraints. In turn such definitions and descriptions allow clear understanding of the relationships (or processes) that apply in given circumstances and allow prediction of the effects of changing the parameters or constraints of those processes.

Without clear concepts, generalisations are largely meaningless. For example, what can we say about 'flatter organisations' or 'performance-based pay'? Many argue that organisations need to be more 'flexible', able to 'respond more quickly', or should be 'constantly re-organizing', 'organic', 'fostering chaos', 'changing the culture' and so on. What do these phrases mean in the social context, never mind the scientific context? They may generate the illusion of both meaning and significance but have little substance in reality.

While there is no argument in technical fields regarding the need for theory, definition and clear articulation of process, organisational behaviour and design fields remain theory deficient. Indeed, in these fields ideas and concepts are widely criticised for being too academic if they are specific. Worse, ideas and concepts are considered 'out of date' or 'at the end of their shelf life', as new fads replace the old. The implication is that an organisational theory is allowed only a specific amount of time, regardless of its content. While this constant turnover of ideas is lucrative for consultants and opens the field for publication by academics, it does not further our understanding of organisations and management. Such turnover is a positive hindrance to the advancement of knowledge.

In the absence of real knowledge and testable theory, there seems to be a tacit assumption held by many that in leadership and management we cannot do a lot better than we are doing now, though many would like to. Better or worse leadership remains somewhat mysterious, even though recognised examples of both abound. We believe and argue in this book that leadership and management *can* be understood, that significant improvement is possible, and that the methods of implementation and the outcome can be predicted accurately from theory. As you can undoubtedly recognise, even with a good theory, good management is often not easy to put into practice; positive organisations do not grow by default.

Buckminster Fuller (1969) noted that if we find ourselves on a sinking ocean liner and a piano lid floats by, we can use it as a lifeboat. On the other hand, were we to design a lifeboat, we would not create a piano lid. Too often in organisations we are operating with piano lids; what we need is better understanding of leadership processes, systems and organisational design so we can create more effective organisations to meet human, organisational and societal needs.

People and science

There is a long, traditional argument about whether or what scientific method is valid for studying people. Science deals with things we can observe, either directly or with the aid of

various instruments. People, on the other hand, have intentions: purposes that cannot be observed but can only be revealed in the course of dialogue with others. We may never see them and we may not even be aware of them. People may or may not choose to reveal their actual intentions to an outside observer. Further, people have opinions about being observed, and this may influence their behaviour.

When we observe human behaviour, we interpret what we see in order to provide meaning for ourselves. This may or may not accurately reflect the meaning or intent of the person being observed. As we will discuss in later chapters, we make such interpretations all the time. Those who become good at observing social processes often make what appear to be quite accurate interpretations. Nonetheless, developing a scientific base for interpreting social phenomena remains difficult.

We grow up learning how to predict behaviour and our environment. We learn to read our mother's behaviour first, and over time we evolve internal 'theories' that we may term rules of thumb, hypotheses or prejudices concerning why people behave as they do. We use these theories to order our own behaviour so it, in turn, produces the outcome we desire. Sometimes we are right, thus confirming our theories; sometimes we are wrong. When we are wrong, we must decide whether our failure to predict is because our theory is wrong or, if it is accurate, the event was a special case.

Thus, we develop our own ideas about human behaviour. Consequently, propositions such as are made about organisations, which are essentially about human behaviour, compete with our own – usually implicit – theories. This is very different from theoretical propositions in the natural sciences.

We don't have to grow up developing theories about aeronautical engineering, physics or chemistry. We can get by in life without having theories about smelting, open-heart surgery or nuclear physics. We *cannot* get by without theories (or at least working models) about human behaviour. We must have these predictive theories even if implicit, internalised and built on experience. If we didn't we would not be able to predict either how others will react to us, or how we might respond to others. This is why autism is so debilitating. People with autism find it very difficult to create accurate models and theories about others.

Developing a common language

The scientist Antoine-Laurent de Lavoisier developed the language of chemistry in the early 18th century, and it was only after his publication of a standard vocabulary that the science of chemistry began its rapid development. His statement of the importance of language to the development of knowledge applies as much today as in his own time:

We cannot improve the language of any science without at the same time improving the science itself; neither can we, on the other hand, improve a science, without improving the language or nomenclature which belongs to it. However certain the facts of any science may be, and, however just the ideas we may have formed of these facts, we can only communicate false impressions to others, while we want words by which these may be properly expressed. (Lavoisier, 1789 in Bolles, 1997: 380)

In this book we provide a language for developing, discussing, thinking and working with propositions about organisations and management. Of necessity we use words that have a

common social meaning, but we have defined them carefully for our purpose so that those who use them can have shared definitions. This does not mean that other definitions are wrong; they are simply less useful for our purpose, which is to advance knowledge in the fields of leadership and organisation. This will continue to be a contentious area until there is an acceptance that we need universal definitions in this field.

In part because there are alternative definitions, the specific language requires mental discipline to understand and apply. Initially, neither the shared definitions nor the methods are easy to learn, and as instructors we have found in using this material that the insistence on 'correct' language is at first regarded as being pedantic. As they apply these ideas in the work setting, however, most people come to understand the value of a clear language to communicate organisational issues. This language allows you to ask questions and to think through answers, all with the discipline of shared definitions upon which the formation of testable propositions is dependent.

A number of the concepts we use were developed by Elliott Jaques and colleagues as the basis for stratified systems theory (Jaques, 1976; 1989). These concepts led him to a theory of organisational structure. Using (and in some cases modifying) the concepts as well as expanding on this theory, managers and researchers have developed a number of definitions of organisation and management terms that are far more precise than everyday social language.

These precise definitions are emphasised to facilitate communication within an organisation and among students of management and organisational theory. Their precision also allows managers to make fine discriminations among phenomena that are often viewed as similar. Such fine discriminations make it far easier to detect error and correct problems early, as well as spotting and seizing opportunities. Peter Senge (1990) noted, 'The ability to learn faster than your competitors may be the only sustainable competitive advantage.' As we have argued and as Lavoisier demonstrated, it is impossible to learn in the absence of clear, shared terms and concepts.

We provide such terms and concepts, but members of the organisation will need to learn this language, or create a language of equal or greater precision, if they are to gain the advantages of clarity and accuracy in communication and analysis.

Caveat: The theories presented may appear to be simple, even simplistic, on first encounter. This apparent simplicity is, however, deceptive. As one gains experience with these ideas, the surface simplicity gives way to a deeper complexity. We believe, and many managers have confirmed, that this makes the theories more powerful for practising managers who must deal with complexity in human relations, new technologies and rapidly changing organisational environments. It also makes it more difficult to learn the concepts and become proficient in their use, but we will not insult your intelligence by pretending things are simple when they are not. As one of our clients remarked during a workshop, 'This is hardly rocket science', a comment came back, 'no, it's much more difficult'.

None of what we say replaces one critical factor: the decision making of leaders. With all the advice in the world, a decision must still be made by someone with appropriate authority. It is not helpful to blame advisers for decisions. They are accountable for the quality of their advice. Any advice, including military intelligence, is just that. It does not absolve the person with executive authority for their poor judgment.

As such, the authors respect executive authority. We do not tell you what decision to make but rather present some tools to help you consider, analyse and predict the consequences of your decisions. We offer guidance in the form of principles, concepts and tools that will improve the systems and leadership of any organisation.

Box I.2 A Note on Managers and Leaders

There is considerable confusion in the literature regarding the concepts of 'manager' and 'leader'. Often 'leader' is used as a positive term suggesting vision and charisma, while 'manager' is used in a slightly denigrating way indicating someone who is concerned only with efficiency or the stewarding of material resources.

We believe, with Drucker (1954: 9), that 'management is the specific and distinguishing organ of any and all organisations'. We define a manager as a person who is 'accountable for their own work and the work performance of people reporting to them over time' (see Chapter 12). Using this definition, all managers are leaders of people; they have no choice. Their only choice is whether to be a good or bad *leader*. In this we again agree with Drucker, 'one does not "manage" people. The task is to lead people. And the goal is to make productive the specific strengths and knowledge of each individual' (1954: 21, 22).

There is no magic here and we use very few metaphors or analogies such as 'Who moved my cheese' (Johnson, J., 1998). Used correctly, metaphor and analogy can be helpful. For example, there is a famous story of the scientist Kekule who in 1865 dreamt of a snake whirling in space biting its tail. This led him to the discovery of the cyclic formula of the benzene ring, a linchpin in the study of carbon chemistry. Used badly, metaphor and analogy can become an impediment to the development of knowledge. They become a justification for poorly formulated, half-baked ideas – in short, for stories masquerading as science (Church, 1999).

Our intent is to move beyond magic, metaphor and analogy. We seek to take the next step in the growth of knowledge – to define terms clearly, to state organisational relationships as hypotheses to be tested, to predict outcomes, and explain why particular outcomes do or do not occur. In other words, we are trying to move toward the sort of science described by Karl Popper (Munz, 1985).

Effective leaders must have clear statements of relationships that link action to outcome so they may test and learn from their actions. Without this it is difficult to know how to replicate success or avoid repeating failure.

Leaders also need a language that allows them to discuss their management and leadership process with accuracy and precision. As we have argued, we take this language facility for granted in the hard sciences. A legal or commercial document begins with a glossary of terms, yet the field of management is a linguistic free-for-all. It is impossible to pass on what one has learned if it cannot be articulated clearly. We may also communicate false impressions to others if we do not have a common language to express our observations and ideas. However as a leader it is not enough to know it, or say it. You must be able to *do* it, consistently and in real time.

Human beings are not machines. Each of the authors has had the satisfaction of seeing people prosper when provided with the right leadership, organisational role, authorities and systems. Some members of Karl Stewart's workforce even testified in court about the improved quality of their working lives. (See Parts 3 and 4 and the Comalco/Rio Tinto case studies.)

We also recognise the high value people place on organisations, not only in order to accomplish personal goals and earn a living, but also to provide a means to use their capabilities to achieve larger social purposes. Ian Macdonald (1990) has shown how we develop our very identity through our work. Work is our connection to the world and reality. David Whyte (2001: 5) states, '... the consummation of work lies not only in what we have done, but who we have become while accomplishing the task.' On the cover of his book, Whyte notes, 'Work is an opportunity for discovering and shaping the place where the self meets the world.' 'Work

is difficulty and drama, a high-stakes game in which our identity, our esteem, and our ability to provide are mixed inside of us in volatile, sometimes explosive ways' (Whyte, 2001: 11).

The Gallup Organization recently conducted a poll of 1000 workers in the US. They found 19 per cent of them 'actively disengaged' from their work. Active disengagement meant they did not know what is expected of them; they did not have the materials to do their jobs; and they could not get the attention of their bosses. Gallup said 'actively disengaged workers, based on their numbers, salaries and productivity cost anywhere from \$292 billion to \$355 billion a year', and that 'Disengagement varied from unit to unit within the companies, suggesting individual managers are a big variable' (*Wall Street Journal*, 2001: A1).

While the business outcomes are essential if the organisation is to survive, we agree with Elliott Jaques who wrote, '... the efficiency of one or other form of organisation cannot be assessed merely in terms of economic or material outcomes; it must be considered in the fullness of its impact on human feelings, on community, and on social relationships and the quality of life in society' (Jaques, 1976: 15). The concepts we set forth in this book, we believe, fully take into account both the needs of the organisation and the needs of the human beings associated with it.

We have used these ideas ourselves in business and consulting practices. The results have been satisfying indeed and have been sustained over a number of years. One manager in a large utility referred to this material as 'the stuff that really works'.

This book is about leadership that can liberate people and organisations from stultifying systems and structures. It is about eliminating the waste caused by unclear objectives and arbitrary use of power, and reducing the wasteful levels of activity and effort found in the 'disorganised' organisation. The human and material costs of bad organisation are a disgrace to an enlightened society.