While it seems a law of nature that all things grow and decline, foresightful management of the attitudes and style of an organization's managers may provide a means for ensuring a long and effective life to an organization.

Organizational Passages—
Diagnosing and Treating Lifecycle Problems of Organizations

Ichak Adizes

In general terms, a well-managed organization must be effective: It must produce the results for which it exists. It must also achieve its results efficiently: It must be administered, that is, its decisions must be made in the right sequence and with the right timing and right intensity. In the long run, a well-managed organization must adapt to its external environment. The Entrepreneurial role focuses on adaptive changes, which requires creativity and risk taking. And to ensure that an organization can have a lifespan longer than that of any of its key managers, the fourth role—Integration—is necessary to build a team effort. Effective and efficient management over the short and long term.

The title was borrowed from Gail Sheehy's book on the predictable phases in adult life, Passages.

This article is an elaboration of a chapter from my book How to Solve the Mismanagement Crisis, scheduled for publication by Dow Jones/Irwin this summer.
requires that all four roles—PAEI—be performed well, a theme I have developed more fully in How to Solve the Mismanagement Crisis. The weight of each of these roles will vary from job to job, and the skill with which each role can be handled will vary from manager to manager.

As a model for diagnosing managerial performance, this role concept has proved useful for analyzing managerial behavior and subordinates' coping style, for identifying and classifying patterns of behavior, and for predicting how managers will behave in various situations—the decisions he will make and how he will make them. The same model can be used to predict organizational behavior and to prescribe interventions likely to be successful. Experience with more than 50 organizations around the world that have ranged in size from about $2 million in annual sales to almost $2 billion, and the reports of managers who have used the model, have verified its usefulness. Organizations have different and distinctive patterns of behavior at different stages of their lives that provide a basis for classifying them—and prescribing for them.

**Organizational Passages**

People, products, markets, even societies, have lifecycles—birth, growth, maturity, old age, and death. At every lifecycle passage a typical pattern of behavior emerges.

Organizational behavior can be analyzed using the PAEI model. As the organization passes from one phase in its life to the next, different roles are emphasized and the different role combinations that result produce different organizational behavior.

**paEi: The Courtship Stage**

At the courtship stage there is no organization. At this passage the most pronounced role is E, entrepreneuring. Founders are basically dreaming about "what we might do." There is excitement. Promises are made that later, in retrospect, might appear to have been made irresponsibly, without sufficient regard for the facts and reality. The excitement is accompanied by frantic activity. One gets a sense that the founders are in love with their idea. They behave like missionaries searching for an audience to convert.

It appears as if this process of selling the idea to others is actually a process of reinforcing their own commitment. Solidifying a commitment to the idea is indispensable if the founders are to succeed in building an organization from scratch. It is analogous to the way a pilot revs the engines before taking off: He builds up a tremendous forward thrust while standing still, and this thrust is necessary if the plane is going to take off.

**Paei: Infant Organization**

One major sign that an organization was born or is going to be born is that there are significant expenses to be paid. There is risk involved.

The introduction of task-generated risk leads to a significant change in behavior. The frenzy of creating ideas is discouraged. The entrepreneurial role (E) declines rapidly and is replaced by the P role, producing results. What counts at this stage of organizational life is not what one thinks but what one does. The dreamers of yesterday are shunned and discouraged. "I have no time to think," will be the typical complaint of the manager of the Infant organization. "There is just too much to do."
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The infant organization has hardly any policies, systems, procedures, or even budgets. The administrative system might be "on the back on an old envelope" in the founder's vest pocket. Most people in such an organization, including the president, are out selling, doing. There are hardly any staff meetings. It is highly centralized and is best described as a one-person show.

Such an organization is like an infant: It requires its "milk" (operating capital) every so often. It is also vulnerable. It usually has no managerial depth—no one else capable of leading if the founder dies. It has no track record or experience, so a mistake in product design, sales, service, or financial planning can have fatal repercussions. Such mistakes have a high probability of occurring since the organization is usually a shoestring operation with no capital to afford the complementary team that is necessary if well-balanced business decisions are going to be made.

The Infant organization is usually very busy doing. Inundated by short-term pressures, usually of a tactical nature, management has a tendency to miss long-range opportunities. If the management of the Infant organization does succeed in identifying such long-range opportunities (E), then the organization might enter into its Go-Go stage.

PaEi: The Go-Go Stage

This stage is analogous to the baby who can finally see and focus. The whole world opens before its eyes. Everything looks like an opportunity, and only in retrospect does the baby realize that some opportunities are threats that should have been avoided.

A Go-Go organization has the same results orientation (P) an Infant organization has, but with a vision and a horrendous appetite (E). It moves fast, often makes decisions intuitively since it lacks experience, and almost every opportunity seems to become a priority. Its interest span is short. It moves from task to task trying to cover them all simultaneously. One major danger a Go-Go organization faces is that of spreading itself so thin that it might run out of capital, and a major setback might "do it in." Another danger is the personification of its managerial process—the founder's trap.

What allowed the Infant organization to survive a hostile environment is the motherlike commitment of its founder.
Figure 1
Premature Mortality

While this commitment is indispensable for the survival of the Infant organization, it becomes dysfunctional after the Go-Go stages. The loving embrace becomes a stranglehold. The founder refuses to depersonalize policies and institutionalize his leadership, that is, to establish workable systems, procedures, and policies that do not require his personal judgment. To avoid the founder’s trap, the A role—administrative systems—has to grow in importance in the organization. (See Figure 1.)

pAEi: The Adolescent Organization

When the administrative role (A) rises in importance, more time is spent on planning-and-coordinating meetings. A computer is installed. Training programs are developed. Labor policies are established. This, however, costs money and takes time away from producing results (P) in the short run. Top management might refuse to allow this to happen. Since the administrative orientation must take time from somewhere, management has to spend time planning the “how” at the expense of time for analyzing the “why,” which means that the growth in administration (A) is at the expense of entrepreneuring (E). Such a case could be classified as premature aging: The organization becomes more short-run (PA) rather than long-run (E) oriented.

A “healthy” adolescence is when the growth in administrative effort (A) is at the expense of producing results (P). Management consciously decides to invest the time necessary for entrenching—getting organized. Part of the time that was spent selling—doing—is spent on organizing.
A conscious decision to cool off the growth rate for awhile to permit new growth over the long run is not easily achieved. A pAEi style requires behavior that is intrinsically in conflict. Administrative behavior seeks stability, while enterpreneuring is change oriented. The conflict between the two orientations exhibits itself in clique formation. One clique is entrepreneurship (E) oriented and would like to stop designing bureaucratic systems and "get back to work." "What really counts in our business," its members say, "is selling and not which computer you have or the quality of your policy manuals." They want further growth. They feel that the other group is stagnating. The other clique usually disagrees. Burned by several bad investments in the Go-Go stage, its members want reasonable stability. They claim that policies and organizational systems are necessary if the company is going to survive or be profitable.

If the Adolescent organization is a partnership, this is the time when the partners might get "divorced." The original commitment, which they built during courtship, has been consumed by day-to-day fighting for survival or in deciding how to grow and by now might have been depleted to zero. The psychological contract is broken and usually there is a split in the partnership. One partner or a group of people continues in the pAEi mode—that is, in the conservative, less ambitious route—and the other partner or partners become the unfulfilled entrepreneurs (pAEi) who are bought out and look for another opportunity to start over again.

pAEi: The Prime Organization

If the organization sails safely through adolescence, it may enter the Prime stage of the organizational lifecycle.

The Prime organization has a results orientation (P). Furthermore, it has plans and procedures to achieve efficiency (A), and at the same time, it has not lost its awareness of what is happening "out there" (E). While in the Go-Go organization the rate of growth in sales and profits is helter-skelter, these rates are stable and predictable for the Prime organization. One knows that their quarterly prediction will be met, and their performance sets the standards for the industry. (See Figure 2).

The aging process. Staying in Prime is not assured, however. With time, aspirations of top management change. Aspirations are a function of the disparity between the desired and the expected. If what management desires is higher than what it expects to achieve, there will be energy and aspiration for change. If the managerial group is satisfied with the existent conditions

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\text{Desired conditions} - 1 = 0
\]

Expected conditions

there will be a tendency to keep the existent stable.

The level of aspirations is affected mainly by three factors: (1) the age in terms of mental activity of people in strategic power positions, (2) relative market share, and (3) the functionality of the organizational structure:

- Age. At a certain age, chronologically different for different individuals, people wish to enjoy rather than add to their accomplishments.

- Market share. When a company arrives at a stage where further growth in its markets is perceived to be economically, politically, or legally not cost effective, the existent state of affairs is accepted as the desired, and the aspiration for growth and change is reduced.
• **Functionality of organizational structure.** As the organization grows from Infancy to Prime, new people, products, markets, and departments are added. Often it is done under pressure, determined more by tactical than by strategic factors. The end result can be a ponderous and confusing organizational structure with ambiguity as to who has what authority and who really reports to whom. When an organization becomes too ponderous to handle, a reduction in aspiration can be sensed and a period of inward entrenchment begins.

If for any of these three reasons the aspirations are held low for a prolonged period of time, the entrepreneurial role ($E$) will eventually decline.

With a decrease in entrepreneurship, the integrating role ($I$) increases. Until this stage, integration could not be high. As the organization has grown and changed, fought its growing pains, and sought a direction, people had different and relatively strong opinions as to what needed to be done and when. Thus people were in conflict most of the time. What kept the conflict from becoming dysfunctional was that its resolution produced growth, and the results, in a sense, justified the emotional investment. When entrepreneurship ($E$) declines, however, the sense of urgency and desire to grow and change decline. The organization starts enjoying the fruits of yesterday’s efforts and an inward orientation toward better interpersonal relations develops. This is when an organization enters the Mature stage.

**PAel: The Mature Organization**

Characteristic of the Mature organization are its results orientation ($P$) and institutionalized systems ($A$)—that is, procedures and policies, a system for getting things done. A climate of friendship ($I$) emerges, tempered
by the beginning of a period of decline—no real eagerness to challenge the market or each other (e). People spend more time with each other than working on producing results. Disagreements that were quite vocal before are now expressed with a sheepish grin. The sense of urgency is lost. Spending time in meetings, previously an activity spurring adamant opposition, is now accepted.

The climate also becomes more formal. New ideas are received without excitement, criticism, or enthusiastic acceptance. The Mature organization spends less and less on R&D and marketing research. Its budget for change and adaptation decreases. Eventually, the results orientation (P) is affected as well: As the eagerness to excel (E) is reduced, the results orientation declines.

pAel: The Aristocratic Organization

The climate in the Aristocratic organization is relatively stale. What counts in this organization is not what you did and why you did it, but how you did it. “As long as you lie low long enough and make no waves, you can survive and even get promoted regardless of what you’ve produced.” The total behavioral pattern can be described as the Finzi-Contini Syndrome.

The Garden of the Finzi-Continis is a novel that dramatizes the lifestyle and attitudes of an aristocratic Italian-Jewish family just prior to World War II. While the Fascists were just beginning their persecution of the Jews, the Finzi-Continis refused to believe anything serious was going to befall them. “We have been here too long,” they said. “They need us. We are one of the most distinguished families of Italy,” and they continued business as usual. While each family member was individually fearful, as a group they would not express it. They were paralyzed by the admiration for their past and the determination not to upset the present.

The Aristocratic business organization behaves similarly. First of all, such organizations usually have a spacious (palatial) building with space usually allocated non-functionally. Their executives have an unconscious fear about the competition, the company, and its future, but in formal meetings, they do not express their doubts. They rely on their past to carry them through the future. They seem to be paralyzed by their admiration for their past, and no one dares to make the first wave.

The Aristocratic organization can be distinguished from other organizations by the clothes managers wear, how they ad-

“Aspirations are a function of the disparity between the desired and the expected. If what management desires is higher than what it expects to achieve, there will be energy and aspiration for change.”
dress one another, by their mode of speech, and where they meet.

Managerial uniforms. Dress has no meaning in the Infant organization. "As long as you can produce results, you can wear your shirt inside-out—who cares?" said one executive. In the Go-Go organization ties and jackets appear, but are not required. By the time the organization has entered the Aristocratic phase, managers dress as if for a funeral or a wedding, as if trying to outdo one another in the amount they spend on suits. Three-piece suits are de rigueur, the darker the better.

Mode of address. In the Infant organization, nicknames are frequently used. In the Adolescent stage, the mode of address is unprintable. And in the Aristocratic organization, last names are used almost exclusively. During meetings, Mr. Such-and-Such will be used, despite people having known each other for years and commonly addressing each other by their first names outside the meeting room.

Mode of speech. In the Courtship stage, people speak vaguely about what they think and feel. They repeat themselves, contradict themselves, are easily annoyed, and show their sensitivities. Mode of speech in the Infant organization is short and direct. It is even somewhat offensive in its honesty, a sharp departure from the earlier romantic era of Courtship. In the Adolescent stage it is a mixture of the two—direct and emotional, full of contradictions but presented in a very opinionated manner.

In the Prime organization, people measure what they say and speak slowly as if verifying the weight and the impact of their every word. They use visual aids but use them selectively. By the time the organization is in its Aristocratic stage, the mode of delivery is the essence—the medium is the message. People overdo the use of visual aids, and in meetings they hedge, using endless double negatives and qualifiers. Listening in on such a meeting, one wonders, "What did they really say?" The transcript of an Aristocratic meeting is often a mumbo jumbo of hints, insinuations, and veiled suggestions.

Where to meet. In the Infant organization they meet anywhere, anytime. In the Go-Go organization, the meeting is a round-table in the president's office. In the Adolescent organization, meetings take place in various rooms, corridors, or locations, depending on which clique is involved. For the Prime organization there is a specially designated room for meetings. The lights are bright. The tables are arranged in a U-shape. Flip charts from the last meeting are still taped on the wall. It is somewhat messy, but alive. By the time the organization is Aristocratic, the board room has heavy drapes. The lights are low. There is a long table with very soft chairs around it. Life-size paintings of the founders look down on the participants. The whole setup is one of formality and tends to make one compliant. While outside the room people may be concerned about the market situation, inside the room the tone changes. Reports are given. No threatening questions are asked. Business as usual. When the speaker faces them collectively and points to the threats
from competition, they are inclined to reply, "Don't worry. We've been here long enough. They need us. We have a name, a tradition, a know-how. . . ." But individually they agree with the consultant: The situation is bad and "someone" (usually someone other than the complainer) should do something.

Not being results (what) oriented \( (P) \), nor entrepreneurial (why) oriented \( (E) \), the organization begins to lose markets and revenues. In their budgets, instead of allocating to the producing results \( (P) \) and entrepeneuring \( (E) \) functions, such as marketing research and development, they allocate more to administrative systems \( (A) \) and integrative efforts \( (I) \)—more control systems, bigger and better computers, and more training programs rather than development programs.

Mergers and acquisitions. The Aristocratic organization is cash heavy. Demands for investments from its internal sources are low. The organizational climate of accepting the existent as the desired is stronger than the aspirations of any individual within the organization. Thus few, if any, risk-taking endeavors are proposed. The Aristocratic organization seeks to acquire avenues for growth other than internal ones. It seeks to buy growth companies—most frequently the Go-Go ones.

The reverse can happen, too. The Aristocratic organization, being cash heavy, is a prime object for takeover, most probably by a Go-Go organization that, in its eagerness to grow, does not have limits to its appetite.

In both cases the marriage is not easily consummated. When the Aristocratic organization buys the Go-Go organization, the latter feels suffocated. What made the Go-Go organization exciting and vigorous was its flexibility, its speed of decision making. Many decisions were made intuitively; there was little time or respect for ritual. The Aristocratic organization is just the opposite. It requires budgets in a certain form by a certain time with certain details—all of which stifles the Go-Go side.

In the case where the Go-Go organization acquires the Aristocratic organization, it is like the small fish that swallowed the whale: Digestion takes a very long time. The Go-Go organization finds itself in over its head in its efforts to cope with the problems of the Aristocratic organization. Milking the cash from the Aristocratic organization does not convert it into a Prime organization; it only accelerates its decline. The waves of change introduced by the Go-Go management are sudden and forceful, sometimes paralyzing the Aristocrats with fear, making a workable merger even more difficult. The Go-Go organization might lose its growth momentum and orientation for several years while it tries to digest its latest prey. If the Aristocracy is a very old one and the Go-Go organization cannot easily solve the inherent problems of old age, the Aristocratic organization consumes all the time of the Go-Go executives, with the result that both organizations might suffer.

To maintain growth in revenues, an Aristocratic organization is inclined to raise prices rather than generate new products or penetrate new markets. Raising
prices eventually brings its products' prices to the inelastic portion of their demand curves. And the reduction in quantities of products sold finally expresses itself in reduced total revenues.

–A–i: The Early Bureaucracy

When the artificial face-lifts of raising prices eventually have no further effect, and the day of reckoning arrives with revenues and market share steadily and hopelessly falling, the mutual admiration society of the Aristocratic organization is dissolved and the knives are unceremoniously drawn. The fight for personal survival begins, and a new and destructive phenomenon emerges—managerial paranoia.

In the Aristocratic situation there is the silence before the storm. People smile, are friendly, and handle each other with kid gloves. When in the Early Bureaucracy the bad results are finally evident, instead of fighting competition as they should, the organization's executives start fighting each other—and there are no gloves anymore, just bare knuckles.

A ritual of human sacrifice ensues. Since the results are bad, someone has to take the blame. So periodically someone becomes the sacrificial lamb, blamed for the adverse conditions of the company. The paranoia stems from the fact that no one really knows who will be selected to assume the blame next. So they watch each other with suspicion. This paranoia is manifested in the explanations that are given for what is happening. For instance, if the sales manager decides to give a discount, the other executives do not explain it in rational terms, referring to competitive conditions as they would in the Go-Go or Prime stage. Instead, they attribute it to the sales manager's Machiavellian strategy, in order to discredit the marketing department and expose the incompetence of the marketing vice-president and all the rest.

In such an organization, the managers' behavior accelerates the organizational decline. Managers fight managers, spending most of their time turned inward, building cliques and coalitions. Their creative capabilities are not directed toward creating better products, developing a better marketing strategy, and so on, but into ensuring personal survival by eliminating and discrediting each other. Performance then declines further, making everyone even more

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paranoid. The better people, since they are feared, either are fired or leave. This process can continue as a vicious circle. The end result is bankruptcy. But if the organization can secure external sources of supporting funds despite its objective achievements (like tax-money-supported government agencies), the result is full bureaucracy.

-A—: Bureaucracy

In Early Bureaucracy one could get something done if one knew the right person. Thus the small i. In full-blown Bureaucracy very little, if anything, gets done. There is no fighting; there is an atmosphere of peacefulness. Such organizations' managers are among the nicest to work with. They agree a lot. But nothing ever happens. There is no results orientation, no inclination to change, no teamwork—only systems, rules, procedures, forms.

One of the most distinctive characteristics of a bureaucracy is worship of the written word. If a client or another executive asks for or suggests anything, the typical answer will be, "Put it in writing." The files are engorged.

Such an organization isolates itself from the environment and builds layers of isolation. Its connection to the external world it serves is usually through very narrow channels. Examples of narrow channels are having only one telephone line or only one window to direct customers, which is open only a very few hours a day. If one writes to such an organization, it might take months to get an answer, and then it will be a form answer that frequently does not address the main points raised in the original letter. Often, however, the correspondence is simply ignored; what better way to break contact with the real world.

It's as if the "nervous system" of this organization has been short-circuited. The left hand does not know what the right hand is doing. What one department requests, another one rejects. "They show you one card at a time, never the whole hand."

When an old person's organs stop operating normally, he or she can be put on machines that provide a bypass system, such as an artificial kidney, and in the protective environment of a hospital. The same analogy seems to apply to the bureaucratic organization.

Businesses that have to work with a bureaucracy will usually have a special department whose full-time task is to provide the bypass system. These departments have different names. In some organizations, they are called forthrightly government relations or public relations. These departments get to know the inner workings of the bureaucracy and attempt to manipulate it to produce the results desired by the client.

The monopoly that bureaucracies have on certain activities, the captive audience that is forced by law to "buy" their services, provide the hospital-like, nonthreatening environment. The synergy of such a protected environment and the external bypass systems provided by the clients of the organizations keep them functioning. Pulling the plug would put many of these bureaucracies out of business, and the taxpayers' revolt of late 1970s is one way to do that. (I am not predicting, however, that cutting taxes will enhance the administrative health of government agencies; it would rather speed up the death of some of them.)

-----: Death

When death occurs there is no results (P), administrative (A), entrepreneurial (E), or people (teamwork) (I) orientation. The organization stops acting and is dissolved.
ANALYSIS AND PRESCRIPTION

Up to maturity (Area X of Figure 3), an organization works on momentum. In its decline (Area Y), it works on inertia.

Up to maturity, relatively speaking, everything is permitted unless specifically forbidden. From maturity on (Area Y), relatively speaking, everything is forbidden unless specifically permitted. This is a significant change in the organizational climate.

Up to maturity, $E$ dominates the organizational culture. People take initiative and are willing to face the consequences. In the political power structure represented by Area X, the clout is in the hands of the marketing and sales people. They lead and have the first and last words in decisions.

In the decline part of the lifecycle (Area Y), the administrative role (A) dominates. The climate changes very subtly. People assume that unless something is explicitly assigned and permitted, it probably is not allowed or expected. Thus people do not take chances, do not initiate, basically wait to be told what to do. In the political power game, the finance and accounting people wrestle control from the marketing people. Every expenditure needs justification with increased backup data.

Up to maturity, function is more important than form; function determines form. From maturity on, form is more important than function.

Up to maturity, the people who get hired are hired according to what they can contribute and despite their personality or how well they get along. From maturity on, they get hired because of how well they can get along.

Up to maturity, an integral agent of change can facilitate organizational develop-
ment. In later stages (Area Y), an external agent is necessary. (It is easier to direct a rise than to stop a decline, that is, it is easier to direct a momentum than to change an inertia.) Up to maturity, the organization is growing, and attempts to create are not necessarily perceived as threats. Communications are usually open, and a person within the organization can facilitate necessary change and still be acceptable.

Furthermore, what is necessary up to maturity (Area X) is to facilitate convergent thinking, which a trained facilitator can do without making too many waves or threatening the positions of too many people. From maturity on, however, the need is to facilitate divergent thinking ("What else can be done?"). The facilitator in this case has to build aspirations by increasing the perceived disparity between the desired results and the expected—that is, to stimulate overt dissatisfaction. He or she has to do this by changing the collective consciousness of the organization or, at least in the beginning, of the top managerial group. That means making waves. In such an organization the consultant turns out to be an "insultant," and if it is an internal person, she or he is either fired or co-opted by peers or superiors. Facilitation at these stages of the organizational lifecycle requires an independent, trusted external agent for change on a long-term contract—to provide the protection a prod to necessary but often unpleasant actions needs.

**Specific Treatments**

Organizations at each lifecycle stage require, or can be helped by, different specific treatments. Taking each stage in turn, these

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**Figure 4**

**Specific Treatments**

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Figure 4
Specific Treatments

Behavior: PCA

Reorganize and Decentralize
Rekindle the Fire
Directives Board
Inexpensive Support
Reality Testing

Reorganize and Decentralize
Rekindle the Fire
Directives Board
Inexpensive Support
Reality Testing

Preventive Treatment

A'S/M Therapy
pAel
-A-
Surgery
Euthanasia

Curative Treatment

"Caretakers"

Aging = f (Aspirations)
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specific treatments have proved useful. (See Figure 4.)

_Courtship stage._ The infant organization has no resources to pay a board or hire external help. Thus an advisory board consisting of a lawyer, accountant, friends, and even employees can provide economically some of the necessary know-how. This should not be a "strong" board, because such a board might constrain the founder in ways that cause the losing of the factor essential for survival of the Infant organization—his commitment. Commitment is usually bound up with the unrestricted accountability—freedom—a person has.

_Go-Go stage._ The Go-Go organization needs a strong directive board of directors consisting mostly of nonemployees to help converge its Go-Go thinking and improve the typically sloppy planning of an organization at this growth stage and to begin the necessary process of depersonalizing the leadership and institutionalizing the policies and plans of the organization. (Often the Go-Go founder strongly resents an external board. This may be the first sign that he is falling into the founder's trap.)

_Adolescence stage._ An adolescent organization must focus on the tasks at hand, not on any form of interpersonal therapy such as sensitivity training or transaction analysis. If a consultant is invited in because the partners can't stand each other anymore, the consultant should ignore their
demands that he or she judge the merits of their mutual personal accusations of the other. The consultant should rather facilitate sessions for analyzing the future, identifying threats and opportunities, determining goals, and designing strategies. He or she should work to build a new level of commitment to the organization, trying to repeat the Courtship stage in a different form. The clearer the plan and its components, the faster an administrative system will be established and interpersonal relations stabilized. This does not mean that the partners will operate together as well as they did in the past, but the situation will be bearable. In the short run there is no love, but there are no hostilities either. After a renewal commitment has been created, interventions that focus on interpersonal dynamics and personal growth can be of value.

Prime stage. Organizations at the Prime stage usually do not ask for external treatment. In the collective consciousness of a Prime organization’s managers there is no sense of need. These managers think they are doing fine. This is a trap, however, because the Prime stage is the beginning of the end. The goal is not only to reach Prime but to remain in Prime, and that requires measures to prevent aging. To do that, measures to maintain a high entrepreneurial (E) orientation need to be taken.

Decentralization
Producing results and administering (P and A) roles involve relatively programmed decisions that can be delegated. Entrepreneuring and integrating (E and I) roles involve non-programmed decisions. To stimulate and develop entrepreneurial and integrating roles, a developmental rather than a training treatment is necessary. This is done via decentralization.

When an organization is decentralized, managers at lower organizational levels are expected to show leadership, which involves taking initiatives (E) and motivating subordinates to follow those initiatives (I). Decentralization develops E and I experientially.

The suggested treatment of a Prime organization is, then, to reorganize for further decentralization. (See Figure 5.) New ways of organizing activities (markets, products, profit centers) are created so that decentralization can occur and management’s attention properly focused.

A healthy organization should consist of an “extended family,” with the Artistic, the Prime, and the Infant organizations clearly identifiable. (See Figure 6.) Treatment of a Prime organization involves periodically reviewing the organization chart and its market and technological activities. Was “anything born” since the last review that should be put into the nursery of business development? Has any Infant business grown big enough to stand on its own as a profit center since the last review?

As a rule, one has to watch carefully that an Infant organization does not report to a Go-Go organization or a Go-Go report to an Aristocratic—a phenomenon that can be called organizational incest. What would be functional behavior for one organization in such dyads could be a suffocating experience for the other; the measures of success are different for an organization depending on where it is in its organizational lifecycle. Measures of success, like styles of dress, relate to age.

As suggested in Figure 5, with long-range planning an organization can plan for its growth, for its future endeavors—markets, technologies, and so on—and can anticipate its future organizational structure. In a PAEI organization, all roles can be achieved.
I are incompatible, however, when the planning is short range: Entrepreneuring and team-work are incompatible because entrepreneurs are by nature individualistic. Thus even in a Prime organization, it is in lower case. When there is long-range planning, however, entrepreneurs can be integrated into the emerging organization and teamwork and creativity achieved. (This, in itself, is another argument why long-range planning is indispensable to good management—to achieve both good results and good interpersonal relations.)

TREATING THE MATURE AND ARISTOCRATIC ORGANIZATIONS

Mature and Aristocratic organizations require a process of organizational intervention called therapy, to distinguish the treatment from surgery, where management is fired, sudden changes in responsibilities made, and so on. Surgery is not necessary for Mature and Aristocratic organizations since both are still cash heavy and still have time to rejuvenate without taking the drastic measures that are necessary when there are time and economic pressures.

A method called A'S/M has been developed to rejuvenate Aristocratic organizations and applied with varying degrees of success to more than 50 organizations worldwide. Basically, the method attempts to change the consciousness of an organization by changing the aspirations of its mana-
gers. It widens their horizons while at the same time providing tools for teamwork that make people feel better able to effectuate change successfully. The method reverses the sense of helplessness that is characteristic of managers of organizations in decline.

As a process, A'S/M starts by attacking the Finzi-Contini Syndrome. During a diagnostic meeting—a synergetic diagnosis (Syndag)—management approaches the problems of the company constructively. The meeting ends with a plan of action for solving the problems that no one alone could solve but which the organization's managers can solve together—and want to solve because of their perceived critical importance. Through constructive criticism and teamwork, the organization moves from reactive to proactive behavior, which takes it into the Prime phase or the organizational lifecycle.

An A'S/M intervention has 11 phases that alternate between focusing on structure or on process. For effective long-term organizational change, both the organizational structure and the decision-making process have to be changed. The sequence of phases is:

**Phase 1.** A Syndag involving a meeting of people from three levels of the managerial group for four days is arranged so the group can discuss in a highly organized fashion areas of the company's operations that potentially could be improved. The Syndag is highly structured and disciplined so no interpersonal sensitivities may emerge. It is a task-oriented discussion that ends with a plan of action: Which problems should be dealt with now, which problems can be ignored for the present; and who should solve the problems of present concern and by what date. The Syndag unfreezes the organization and moves it from its present equilibrium to a more "open" state.

**Phase 2.** Groups—synerteams—are created to solve the problems and taught how to work together as a team, while avoiding the trap of trying to manage by committee.

**Phase 3.** A vertical participative system is established parallel to the existing organization structure, to deal with the development of the organization.

Phases 1–3 intervene both on process and structure simultaneously (see Figure 7). They create a new process of decision making—teamwork—and a new vertical hierarchical parallel structure (bottom-up) for decision making.

**Phase 4.** Once both the processes and structure of the organization have been affected so that the organization desires to change—Syndag—and senses it can change—teamwork and hierarchy of participation—a definition of mission is drafted. This involves a process intervention since in this phase A'S/M teaches how members of the organization can jointly and cooperatively define its mission and thereby ensure that all members of the organization are committed to the same mission. It is not an MBO program, which uses the normal hierarchical channels to negotiate commitments. In A'S/M a process for forming commitments together within a learning environment is provided.

**Phase 5.** The A'S/M method is cascaded to lower and lower levels of the
organization, affecting further both the organization's structure and processes. The cascading is not undertaken, however, until the top management group has already advanced beyond Phase 4, that is, until top management already knows what its subordinates will be learning. Cascading means starting Phases 1, 2, 3, and 4 on lower levels of the organization.

Phase 6. The first five phases of A'S/M create a new consciousness and propensity to change within the organization. The Syndags (Phase 1) create a desire for change. The teamwork in Phase 2 creates a sense of potency: Change can be effected. Phase 3 creates an awareness of the possibility of multi organizational level cooperation for change. Phase 4 produces the prescription for change: What should the organization change to. Thus a push strategy, that is, away from the problems identified in Syndag, and a pull strategy, that is, toward the desired mission of the future, in conjunction with the tools—teamwork and parallel structure—to effect change from the one situation to the other change the climate of the organization and increase its propensity to change its organizational structure. Knowing
what is desired. Phase 4, and cascading this desire to change. Phase 5, enables the organization to establish a new organization structure.

Phase 7. To make the new structure viable, the organization's information systems have to change to reflect the new structure and the new mission.

Phase 8. New strategies in marketing, product development, finance, and human resources have to be developed.

Phase 9. These new strategies have to be reflected in new budgets.

Phase 10. The operation of the horizontal and vertical cooperative systems of A'S/M have to be verified for the whole organization since the cascading has progressed throughout the organization as the top management group has gone through Phases 1-9.

Phase 11. An incentive system is established. This is the last step in the A'S/M process since to have a viable incentive system, the problems of the organization have to be identified and solved, the mission agreed upon, the structure suitable for proper accountability, and the information necessary for a manager to know when he or she met an accountability must be available so that incentives can motivate for achievement rather than a windfall.

A Syndag is repeated annually like a medical checkup of an individual or maintenance of a machine after x hours of operation.

It takes an organization about two years to learn the 11 phases of A'S/M. Thereafter it will spend a month per phase each year proactively checking its present problems; its teamwork; its bottom up, vertical cooperation; and its mission, structure, information system, plans, budgets, and incentives.

A'S/M is a proactive preventive managerial process designed to identify and solve problems so an organization can arrive at and stay in the Prime stage of its lifecycle. By and large A'S/M has been successful. Organizations in countries as different as Ghana, Sweden, Mexico, and the United States have applied it to ensure balanced growth toward Prime for organizations from Infancy on (avoiding premature aging and death) and to rejuvenate organizations from Early Bureaucracy to Prime. The average treatment lasts for three years at the rate of one day per month.

A'S/M is different from classical behavior facilitation or traditional prescrip-

"A'S/M is a proactive preventive managerial process designed to identify and solve problems so an organization can arrive at and stay in the Prime stage of its lifecycle. By and large A'S/M has been successful."

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tive consulting. In A'S/M, a successful application involves teaching and prescribing the group dynamics in the how of operating successfully, and the what—the desired decisions. In classic behavior science interventions, in comparison, more emphasis is put on how a decision is made than on what decision is made. The traditional prescriptive consultant, on the other hand, emphasizes the decision to be made and deemphasizes how it was made and implemented. In A'S/M, equal importance is given to the what and the how.

In traditional consulting, the sequence is to define the mission and the strategies and then to design the structure. In A'S/M, internal problems (Syndag) are identified first, the sense of potency that change can be produced effectively is increased and then the mission is defined. Defining the mission without creating a sense of potency is equivalent to daydreaming. Nor is it possible to go to strategy. The structure is most probably inadequate. So there is a high chance that the strategy will reflect the constellations of power in the present structure. So, after the mission has been defined, the structure is changed to reflect the mission. With a new and better allocation of powers, a new strategy can be developed, especially after the new information system that reflects the new structure is operating.

A'S/M deals with deep organizational problems, which take longer to solve, but once the structure and process of self-rejuvenation is established, solving new problems turns out to be swift.

While organizational therapy—and A'S/M is one approach to it—is feasible during Maturity and Aristocracy, it turns out to be an insufficient treatment for the next passages of the organizational lifecycle, Early Bureaucracy and Bureaucracy, often the beginning of the end.

Treating Early Bureaucracy

The backbiting that characterizes such organizations requires immediate attention. Prompt surgical treatment is usually necessary. Managers whose attitudes are negative and thus poison the climate or who are totally ineffective have to be replaced. This surgery has to be done only once and very sparingly. If several surgical interventions are done in succession, organizational paralysis may result. Management's suspicions and paranoia, which run high during this stage of the lifecycle, may run rampant. In other words, the treatment may exacerbate the neurosis instead of treating it.

After the surgery, the same A'S/M therapeutic treatment given to the Aristocratic organization is applied, except that the rate of intervention—the dose of treatment—is much higher. A one-day-a-month intervention is prescribed when A'S/M is applied to an Aristocratic organization, but with an Early Bureaucracy usually the required dosage is three days a month and sometimes even that is not enough.

Bureaucracy and Death

I have had no experience with treating these types of organizations.
POSSIBLE PITFALLS

A good model should have counterintuitive prescriptions. May I suggest some I think follow from the PAEI model.

Delegation Treatment

One hears repeatedly that the main problem of a founder is that he doesn’t delegate. This is true for a Go-Go organization. If a founder doesn’t delegate, he will fall into the founder’s trap. But the treatment is not easy to apply.

If an organization is in its Infancy (where the founder works even harder than in the Go-Go stage), delegation is not only unpalatable to the founder, it is even dangerous to the organization’s health. Furthermore, it is difficult to delegate nonprogrammed decisions. An Infant organization is still in its formative stages. Decisions that serve as precedents are just being made.

Delegating nonprogrammed decisions is equivalent to decentralizing, which for an Infant organization means passing control from the founder to someone else. First, it is almost impossible to do this because the organization has no managerial depth. Typically, a founder will question a consultant who recommends delegation by asking in an irritated voice, “Delegate? Fine, but to whom?” He has hardly anyone in his organization who is as good as he is in leading the company. If there were such employees they would probably not be employees of an Infant organization; they would probably establish their own companies.

Second, even if there were someone to delegate to, actual decentralization is not a welcome treatment for a founder. What keeps a founder going is his or her unlimited dedication to the organization created by his or her labor. At this stage of such an organization’s life, asking the founder to decentralize, that is, to pass control to someone else, might threaten and alienate the founder from the organization and reduce his or her commitment.

Newborn animals abandoned by their mothers after they have been touched by humans provide an analogy of sorts. Founders, I find, sometimes act similarly to such mothers. The time and dedication necessary to develop a company from scratch is enormous. It is unstintingly given as long as the founder identifies personally with the organization. But for others to identify with their offspring might alienate them to the point of departing. In treating Infant organizations, premature decentralization, that is, forced decentralization by premature delegation, might cause such alienation.

Delegation of the founder’s functions should start at the advanced stages of Go-Go. By that time, it is clear that there is too much for everyone to do and the founder should not feel that by delegating he is giving all the fun (control) away. Furthermore, approaching the Adolescent stage, administrative systems should be planned, and programming should be under way. The healthy Go-Go organization needs policymaking—what not to do—which is also tantamount to decision programming. The more programmed the decisions, the easier it will be to delegate without
losing control. Thus the validity of the recommendations to delegate, often given to the small organizations’ ever-busy managers, should be analyzed in light of where the organization is in its lifecycle. The timing is crucial if the treatment is to succeed.

*Ill-timed and Unnecessary Surgery*

Surgery—changing top management—is the fastest way to produce change. But it is also the most painful and dangerous treatment. It is often used because it can be done quickly and is highly lucrative (to the consultant). Unfortunately, few “organizational surgeons” stay long enough to see the results of their surgery or accept the responsibility for the post-surgical complications—which can breed irresponsibility.

A successful medical surgeon is not necessarily one who cuts fast but rather one who monitors sensitively and well the post-surgical complications that might occur when the patient’s body is weak and vulnerable. Many organizational consultants suggest a new organization chart and help in locating the people to fill the boxes, collect the fee, and consider their task done. But it is only then the real “pain” of adaptation starts. The pain can be acute enough to cause managers to refuse to complain about problems anymore. They fear that if they point to problems, another surgical treatment might follow. They would rather suffer quietly with their problems.

While organization change is indispensable for a long-run success (See Figure 5), if it is induced for curative purposes at the wrong time, the organization may refuse to submit to it. Surgery applied ineffectively and exclusively for curative purposes, and thus extensively painful, may cause an organization to refuse to be operated on for preventive purposes, when the problem is not even evident. Often we reorganize only when there is a crisis, for example, with an Early Bureaucracy. At such a stage, surgery is inevitable. The treatment, however, should have been applied when its effects would not have been so painful—at the Prime stage of the organization’s lifecycle. At that time, the organizational climate is conducive to change. There is growth, and since there are positive expectations for the future, the perceived threats from a change are much smaller and can even be minimized further. In Early Bureaucracy, however, when economic results are bad and the atmosphere is already rife with suspicion, change reinforces fears rather than removing them.

If the organization is an Aristo- cracy, on the other hand, A’S/M recommends a no-firing policy. Then for six months, A’S/M facilitates changing the climate to reflect expected opportunities for external growth, which is necessary to gain acceptance for internal change. Only then is the reorganization (usually with no firing, however, just a reallocation of resources) and the retraining of staff effected.
Convergent vs. Divergent thinking

Some people are by nature more divergent (EI) in their thinking than convergent (PA) and vice versa. A consultant who likes to provide divergent inputs ("What more can we do") can be dysfunctional to organizations in their Infancy, Go-Go, and Adolescent stages, and at the same time, he can be highly functional for organizations in the Mature and Aristocratic stages. The opposite is true for consultants who prefer convergent inputs. Thus different consulting styles are called for depending on where the organization is in its lifecycle.

SUMMARY

In this article a model for identifying organizational styles is presented. Such a typology has been found to be repetitive as a pattern in a significant number of organizations and it has been verified by hundreds of executives as reflecting their experience.

The model enables an organization to foresee the problems it will face as it grows over time. Furthermore, it provides tools for prescribing effective organizational treatments—organizational therapy and surgery. It is a contingency model in that it presents a framework for prescribing the treatments most likely to be effective depending on the lifecycle stage of the organization.

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The role model represented by PAEI was introduced in my article "Mismanagement Styles" (California Management Review, Winter 1976, pp. 5-20). The focus of that article was on the relationship between an individual manager's management style, that is, the extent to which he or she emphasizes producing results (P), administering (A), entrepreneuring (E), or integrating (I), and the demands of the work situation for a given role emphasis. Obviously, when an individual's style matches the role demands of the job, his or her behavior will be much more effective than would otherwise be the case. A further development of these ideas can be found in my book How to Solve the Mismanagement Crisis (Dow Jones/Irwin, 1979). This book deals with the implications of the PAEI model for the training of individual managers and managerial teams and as a tool for avoiding mismanagement and for maintaining a healthy, growing organization.