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In an economy where knowledge is the key competitive resource, the chief task of management is to invent new, more effective ways of putting knowledge to work.

2 Competing on Capabilities: The New Rules of Corporate Strategy 19
George Stalk, Jr., Philip Evans, and Lawrence E. Shulman
Today's most successful companies put organizational innovation at the center of business strategy by developing unique organizational capabilities that distinguish them from competitors. The meteoric rise of Wal-Mart is a case in point.
3 The Knowledge-Creating Company
   Ikuijro Nonaka
Developing a culture of innovation isn’t just a matter of “processing” objective information. It also depends on tapping the tacit and often highly subjective insights of employees at all levels of the company. The best Japanese companies treat knowledge creation as a continuous process of personal and organizational self-renewal.

4 Message and Muscle: An Interview with Swatch
   Titan Nicolas Hayek
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The popular Swatch wristwatch is a triumph of engineering and imagination. Nicolas Hayek, chairman and CEO of SMH, the Swiss company that designs and builds the Swatch, describes the business innovations that allowed him to revitalize the ailing Swiss watchmaking industry and that can serve as a model for improving the competitiveness of traditional manufacturing in other high-wage industrialized countries.

Part II Designing New Behaviors

1 Research That Reinvents the Corporation
   John Seely Brown
At Xerox’s Palo Alto Research Center, managers are redefining the traditional mission of corporate research by devising new uses of information technology as powerful learning tools, creating new prototypes of organizational practice, and co-producing new business innovations with partners inside and outside the company.
2 The Designer Organization: Italy’s GFT Goes Global
Robert Howard
Its rapid transformation from an Italian men’s-suit maker into a billion-dollar global manufacturer of designer clothing forced Gruppo GFT to rethink its business strategy, organizational structure, and managerial competencies. Today, GFT is trying to become a “designer organization,” able to adjust and adapt continuously to change.

3 How Networks Reshape Organizations—For Results
Ram Charan
Networks aren’t new organizational structures; they are new organizational practices that allow for superior execution in a volatile environment. In order for a company’s networks to succeed, however, senior managers must design a new “social architecture” to support them.

4 The CEO as Organizational Architect: An Interview with Xerox’s Paul Allaire
Robert Howard
One such organizational architect is Xerox chairman and CEO Paul Allaire. Faced with the technological transformation of the company’s core business, Allaire and his management team have defined the new managerial behaviors to ensure the company’s success, redesigning Xerox to become more entrepreneurial and innovative.

Part III Managing New Psychological Frontiers

1 The New Boundaries of the “Boundaryless” Company
Larry Hirschhorn and Thomas Gilmore
As managers dismantle traditional organizational
boundaries of hierarchy, function, and geography, they must learn how to manage a new set of psychological boundaries in their work relationships with superiors, subordinates, and peers.

2 Teaching Smart People How to Learn 177
Chris Argyris
Surprisingly, it is often the most educated, successful, and motivated individuals who find it the most difficult to learn, using their analytical skills as a defense against acknowledging or learning from their mistakes. Real learning is possible only when professionals begin to identify the gaps between their intended and their actual behavior.

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The Levi Strauss Aspirations Statement is a direct attempt to tap into the more personal dimension of work in the new economy. Levi chairman and CEO Robert Haas describes how managers are using the values articulated in the statement to set standards; shape behavior; and give more accountability, authority, and information to people on the front line of the business.

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1 Why Change Programs Don’t Produce Change 217
Michael Beer, Russell A. Eisenstat, and Bert Spector
Most managers understand the need for organizational change but don’t know how to bring it about. They assume that change must start at the top with companywide programs designed to alter formal policies and structures. In fact, the critical path to corporate renewal is to direct a nondirective change process, one that starts at the grass roots and emphasizes ad hoc solutions to real business problems.
2 Motorola U: When Training Becomes an Education
William Wiggenhorn
During the past 10 years, Motorola's $7 million corporate-training budget has mushroomed into a $120 million annual investment in education. In the process, senior management has made a commitment that challenges traditional assumptions about corporate training, embraces organizational change, and draws a direct connection between education and quality.

3 Time-and-Motion Regained
Paul S. Adler
Many proponents of the learning organization assume that bureaucracy stifles learning. But that isn't the case at the GM-Toyota joint venture known as New United Motor Manufacturing, Inc. (NUMMI), where standardization and specialization have been a powerful stimulus to employee motivation, organizational learning, and continuous improvement.

4 Trial-By-Fire Transformation: An Interview with Globe Metallurgical's Arden C. Sims
Bruce Rayner
Not long ago, Globe Metallurgical was a high-cost supplier of commodity products to the troubled U.S. steel industry. Today, Globe is a worldwide provider of high-value-added specialty products and the first small company to win the Malcolm Baldrige National Quality Award. Globe CEO Arden C. Sims explains that the only way to save the company was to change it—by making a total commitment to continuous innovation.

About the Contributors

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