VIEWS FROM THE PRACTICE: WHY ORGANIZATIONS FAIL

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A few weeks ago, my little girl came down with a case of strep throat. From there, things followed a predictable pattern. My wife soon came down with it as well and then I did too. We took turns lying in bed unproductively, woozy from a high fever and struggling to swallow.

It was a silly episode when you think about it. Not only for my wife and I, who failed to take effective precautions but also, as Lewis Thomas noted in Lives of a Cell, for the bacteria itself. What was a few weeks of discomfort for my family meant utter eradication for the offending streptococcus colony.

All in all though, it was a minor affair. Our biology evolved over millions of years to deal with such events, not efficiently, but effectively. Unfortunately, most organizations work the opposite way. They are highly efficient at specific tasks, but often fail when presented with a problem they weren’t designed for. The seeds of dysfunction are seldom recognized until it’s too late.

Engineering The Modern Corporation At GM

In the early 20th century, Frederick Winslow Taylor developed the concept of scientific management. He showed that by breaking down jobs to their component parts, you could optimize any process. Later, Alfred Sloan would apply a similar approach at General Motors, engineering an elaborately designed organization that functioned like a well oiled machine.

Under Sloan, GM became the world’s largest corporation. While strategy was formulated and resources were allocated centrally, individual managers were accountable for their own area of responsibility. They were given tools to accomplish their specific tasks, but ultimately, they were answerable for the performance of their unit.

Unfortunately, as Rana Foroohar pointed out in Time, this reductionist approach fails to take into account that the real world is a thoroughly interconnected place. When a seemingly minor flaw in the ignition system resulted in airbags not deploying on impact, as many as 100 people died and the company was disgraced.

Taken individually, the problems didn’t seem severe. The defect in the ignition switch was minor and the airbags worked as they were designed to. It was the interplay between the two systems that created disaster.