

T H E

ORGANIZATION GAME

**An
Interactive
Business
Game
Where
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Make
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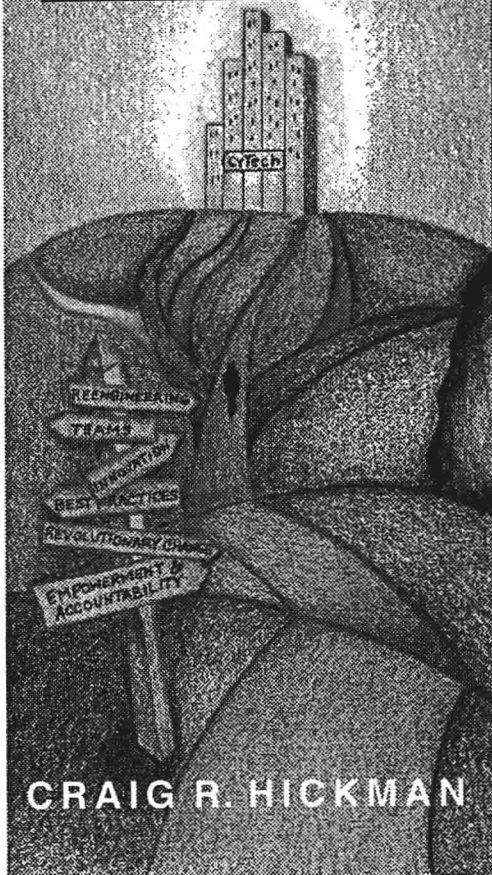


RAIG R. HICKMAN

Bestselling
Author of

*The Strategy
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Dedication

To Sherm Hibbert, Peter Drucker, Paul Thompson, Paul Lawrence, Bill Ewing, and Jay St. Clair, who awakened and fueled my enduring interest in organizational effectiveness and design.

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As always, there are many people who helped me write this book:

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PREFACE

My purpose in writing *The Organization Game* is two-fold: first, to entertain readers by engaging them in a highly interesting and suspenseful exploration of the myriad of organizational forms, approaches, and alternatives facing today's businesses throughout corporate America and the world, and second, to stimulate learning by exposing readers to a broad range of organizational theories and ideas that can inform their own thinking and decision making while initiating or responding to organizational change.

On the entertainment side, *The Organization Game* is much like a novel that introduces readers to a new world: new circumstances, interesting characters, and intriguing perspectives.

On the learning side, *The Organization Game* offers readers a whole-picture view of what's happening in business organizations today, an opportunity to develop more accountability for initiating and implementing successful organizational change, and a challenge to improve thinking and decision making when revolutionizing, reengineering, redesigning, or revitalizing organizations.

In the era of new management, people are expected to assume responsibility for overall results. To do so successfully, they must become much more savvy about organizational change and the effective deployment of people. This book is designed to help readers develop such savvy.

Just as I did in the beginning of *The Strategy Game*, I would like to offer some cautionary words of advice before you begin playing *The Organization Game*. You are being asked to make organizational decisions that will shape the future of fictitious CyTech. The choices you face are intended to simulate real life;

however, you may occasionally be presented with choices you consider to be extreme, inflexible, or contrived. Remember, this is only a game. I suggest that you consider any such circumstances as mere constraints, not unlike many similar circumstances and conditions that compose the world of today's CEO's. You may also feel there is a lack of sufficient information for you to make the best decision. As this occurs all too often in real life, use what you do know to stretch your thinking and make the best decision. Keep in mind that the negative outcomes you encounter throughout the book are designed to stimulate your thinking and test your decision making. You may be able to make those choices that turn out negative in the book successful and productive in real life. However, if you read the other alternatives available to you at each of the decision points, you will discover why the author considered one or more of the other alternatives a better choice. You are now ready to begin your organizational shaping experience at CyTech Corporation.

I hope you find this book enjoyable and useful.

Craig R. Hickman

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Imagine that you have just come aboard as the CEO of CyTech (Cybernetic Technologies, Inc.), a \$4 billion computer and consumer electronics company. When Bill Anderson, founder and CEO of CyTech, died suddenly three months ago without grooming a successor, the board of directors picked you for the job because of your stellar track record at AT&T, where you guided the development and introduction of the *EO Communicator*, a wireless computer/communicator that can read handwriting. Now CyTech's board of directors expects you to reshape the company's organization and work culture for the twenty-first century. If you succeed, you could literally revolutionize the world of personal and corporate communications, gain an ownership position worth millions of dollars, and, as the leader of one of the most admired companies of the twenty-first century, influence the practice of management for decades to come. If you fail, you could destroy CyTech, jeopardize the livelihoods of tens of thousands of employees, and find your own career in a tailspin. The challenge is daunting, but intoxicating.

CyTech, formed five years earlier in a joint venture between Compaq Computer and Teledyne, gained overnight prominence three years ago when it introduced *PowerBase*, a hand-held "phone-fax-computer" that eclipsed Apple's second-generation Newton technology, *PowerPad*, and outperformed AT&T's *EO Communicator*. *PowerBase* is a multipurpose machine, slightly larger than the typical laptop computer, with all the capabilities of a powerful PC; but, in addition, it has features that allow the users to place telephone calls from almost anywhere in the world, receive or send fax messages, connect easily with other home or office PC systems, and link into all major computer communications services.

In the three years since *PowerBase*'s introduction, the company has grown from \$800 million to \$4 billion. A brief summary of selected financial and stock information appears in the following table:

1

THE CURRENT SITUATION

Selected Financial and Stock Information*(Dollars in millions, except stock price in actual dollars)*

	Year ended March 31				
	Current Year	Previous Years			
Sales	\$4,083	\$2,542	\$1,389	\$798	\$418
Profits	242	127	42	24	8
Profits as a % of:					
Sales	6%	5%	3%	(3%)	2%
Assets	9%	7%	4%	(6%)	3%
Common Equity*	17%	11%	8%	(12%)	7%
Market Value**	6,123	3,106	1,763	86	376
Stock Price	24 ³ / ₄	15	11 ¹ / ₄	¹¹ / ₁₆	3 ¹ / ₈

* Total stockholders' equity includes capital stock, surplus, and retained earnings at the company's year end. For purposes of determining profits as a percent of common stockholders' equity, all preferred stock is excluded.

** Calculated by multiplying the number of common shares outstanding by the price per common share as of March 31.

CyTech is a NASDAQ-traded stock, national market issue, with 25 percent owned by Compaq Computer, 25 percent owned by Teledyne, and 50 percent owned by a variety of institutional and individual investors. Outstanding shares of common stock increased from 125 million to 255 million over the five-year period.

On the negative side, CyTech's rapid growth has created overnight a fragmented and confused organizational culture and work environment that a psychiatrist might compare to multiple-personality disorder. The organization's freewheeling innovation personality constantly comes into conflict with the work force's natural tendency toward stabilization; the "wizards" in R&D distrust "the suits" in accounting; the accountants can't understand why marketing and sales budgets look like the national debt; marketing accuses R&D of caring more about "techno junkies" than business customers; and the senior-management team embodies all the diversity and displays all the tensions that run rampant throughout the organization.

In your first eye-opening weeks on the job, you spend a lot of time getting to know your senior team: