

# **Growth, Change and Organizational Structure**

The Evolving Relationship between Form and Function

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## **Abstract**

This paper is about organizational development and change management. How does an organization rationalize the relationship between its formal structure, official purpose and culture, when its immediate objectives are constantly changing? And how can individuals and groups design the puzzle so as to facilitate strategy and decision making as their organizations rapidly evolve? Using the example of the exponential expansion of Evergreen, an environmental organization founded by the author with a mandate to address urban and ecology-related issues, the paper explores ten diagrammatic models of organizational structure and highlights some of the critical success factors, such as collaboration and distributed leadership, for managing change as the shape of the organization shifts under complex, unpredictable conditions. It appears that structure is the most important strategic tool available to a manager, especially for organizations that operate in dynamic environments or where the focus is on innovation.

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## Introduction

In his recent book, *Structure in fives: designing effective organizations*, Henry Mintzberg opens with a question that has helped inspire this paper: “What could be more important to the effective functioning of our organizations . . . than the design of their structures?” (1993, v). The question is asked rhetorically; it is a formative challenge for all leaders. The one thing hospital managers, entrepreneurs, municipal administrators, corporate chief executive officers and not-for-profit executives all have in common is the challenge of managing people. The visions, ideas and assets of any organization are worth very little unless the leaders can figure out how to mobilize people in an efficient and effective manner to serve the potential inherent in their visions, ideas and assets.

Although there are vast numbers of books and periodicals dedicated to elucidating the ways in which organizations get things done – how individuals and groups interact to facilitate strategy, how decisions are made and how organizations evolve over time – this diverse, complicated literature is in many respects inconclusive. Valuable information is dispersed and tangled across a wide variety of subjects: strategic management, organizational theory, anthropology, sociology, psychology, social network theory, computer science, biology, etc. And this literature is changing rapidly, as new models and ideas emerge within each of these areas.

The primary goal of this paper is to explore, analyze and apply to my personal experience in the Voluntary Sector some of the most prominent contributions to the subject of management strategy with specific reference to the design of organizations. Part One is a discussion of organizational challenges at Evergreen, a growing not-for-profit corporation I started twelve years ago and still lead today. With this context in mind, I then present some of the key terms and concepts needed to understand organizational design both in general and, more specifically, within the framework of complex, dynamic organizations. Throughout this section I draw heavily on the work of Mintzberg. In Part Two, I assess implications of these concepts and highlight some of the critical success factors for any organization that is growing and changing in an environment that is complex and

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unpredictable. Finally, I propose areas where additional reflection, research and thinking could serve management and leadership theory in the future.

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## Part One

### Growth, Change And Evolving Patterns At Evergreen

Early in 1990 I was involved in founding Evergreen, a national nonprofit environmental organization with a mandate to bring nature to our cities. Since that time we have grown and survived for over a decade, and we are poised for considerable future growth – provided we can manage the changes ahead.

For the past twelve years, Evergreen has not managed its affairs in “textbook” fashion. We have not grown in a neat, linear fashion; we have not evolved predictably or coherently; and we have not been able to apply machine precision to the coordination of work among us. Growth and change have usually caused stress, frustration, dissension and anxiety. Internal confusion and ambiguity have nearly torn the organization apart at points when we were facing some of our most exciting opportunities. The lack of coherence during these periods of change has made even the mavericks in the organization’s leadership uncomfortable; some, at times, were nearly ready to jump ship.

As an organization we have grown from an idea twelve years ago to over thirty-five people today: a coalition of highly skilled urban planners, entrepreneurs, educators, landscape architects, ecologists and academics – a collection of “artists,” “craftsmen” and “technocrats,” as Patricia Pitcher (1997) would call them. The single most complex challenge since day one has been to organize and direct the energy and talent of these people in a coherent and strategically effective manner.

In 1990, the year my partners and I started Evergreen, we were three university graduates with a few ideas, a few broadly defined goals and not much more. We quickly understood that we would require the support of others, but never really considered how we would work together, or make decisions, or evolve over time. Each of the three co-founders offered a distinct element to the team. Lindsey was creative and artistic, Kevin was focused and good with numbers and technology, Geoff was a good communicator, well connected and determined. We were creative, energetic, visionary and good at communicating internally and externally. We were able to build a common vision that

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was good enough to get us working in the same direction and flexible enough to allow for changes along the way.

A very active search for innovative ideas consumed us to such an extent that we felt as if we were on the brink of massive expansion – or collapse – each and every day. Survival instincts drove us to push for new and better ways to do everything. A healthy tension between colleagues was part of our culture and we challenged each other on virtually everything; whatever else, it was an invigorating way to spend the day. There were more opinions in the organization than people, but debates did not last long and we moved quickly to action. Things got done because we were held together by a shared vision and shared (if rarely discussed) values.

These shared values were due in part to the fact that we were old friends. We had certain established norms and respected each other's ideas and approaches. There was a high level of trust among all involved. In the formative years compensation was negligible and this guaranteed a true sense of partnership. It gave us permission to invent our own work style as individuals and as a group; it gave us the courage to ask others to contribute generously to our effort and it gave us the freedom to take risks and try new things.

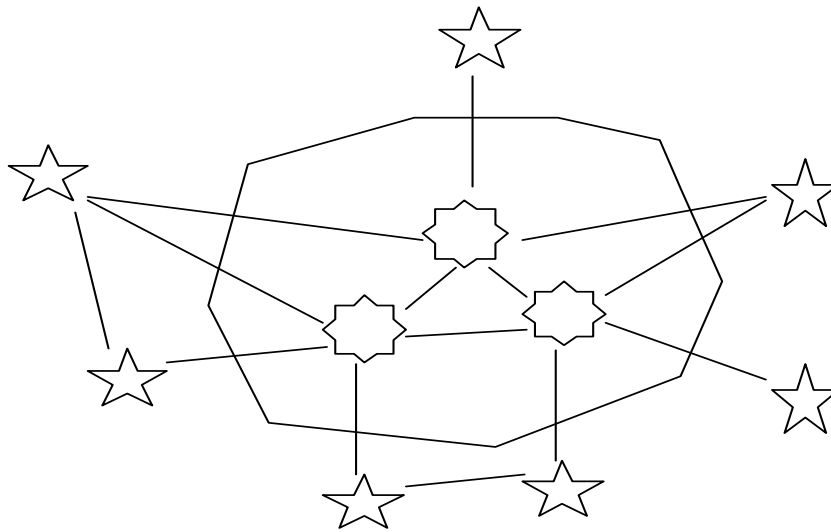
Evergreen thus emerged as a collaborative group expression. Roles, responsibilities and decisions were relatively easy to manage in a small open office. Some ideas were written, some ideas were spoken and others were unspoken. As a small group, we found creative solutions and seemed to function naturally as a team.

The formal structure of our organization was rarely discussed; it changed too often as we moved from project to project. The nature of the project at hand dictated our roles and responsibilities. Over time, new staff, new partnerships and all sorts of new ideas continued to shape and reshape the organization. Growth and change were welcomed and managed through constant reorganization. At certain points during the first five years we would try to articulate the organizational structure with job descriptions and a chart – usually because it was requested by one of our external partners. But invariably this formal expression would prove inadequate or, more often than not, new projects and activities would shift our roles and responsibilities to a new place.

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As Figure 1 shows, our structural relationship is best represented as a simple group of three people, held within a loosely defined boundary, beyond which were a series of critical partnerships, some highly integrated with our work and others less so.

**Figure 1. INITIAL COLLABORATION: THREE PARTNERS, SHARED VALUES**



We were not a “command and control” organization; work was not supervised. We were not a bureaucracy; work was not standardized, pigeonholed, or pre-programmed. We were not formal in our planning and organization – we were having too much fun. The one coordinating mechanism that held us together was the spirit of collaboration and mutual adjustment among peers. It was set in the formative years when the specific ideas for projects were almost as elusive as the steps to success. But this very lack of single-minded direction was precisely the quality that gave Evergreen life: it opened the door to a highly creative, collaborative experience between friends that mushroomed under the excitement of new opportunities.

As Evergreen has grown, it has become increasingly more complicated to manage. The crafting of our roles and responsibilities, the organization of our teams and the design of our staff structure have to mature in some way. Evergreen must become more sophisticated, while at the same time it must retain the simplicity of our past strength with

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a focus on internal collaboration. Our reorganization should offer some solutions to the challenge of efficiency in the area of day-to-day management. To illustrate this, I will describe a recent point of dramatic change when attention to the redesign of our organizational structure became a critical issue.

Two years ago, after ten years of relatively steady, manageable progress – building networks, communicating good ideas and delivering effective projects – Evergreen entered a period of explosive growth. With the support of well-positioned partners and detailed plans, Evergreen grew by more than 500% in 18 months – from a million dollar budget and eight to ten staff to a \$5.3 million budget with a staff of thirty-two. Things had come to a very sudden and dramatic turning point, when it became urgently necessary to manage this new complexity – or face collapse.

With the support of expert advisors, we collectively decided that in order to survive and prosper Evergreen would require reorganization from top to bottom. As an evolving team we began the process by drafting new job descriptions, organizing a new board “policy governance” model, redesigning our office space and gradually hiring eighteen new staff members to help deliver our elaborate plans. Growth suggested a more formal, traditional structure. Accordingly an organizational hierarchy, with separate departments devoted to key functions (marketing, programming, operations and development) was quickly fleshed out. Departmental leaders were either hired or selected from within and weekly management meetings became the norm.

The process was very difficult at times. The stress associated with moving from one structure to the next cannot be overstated. More accurately, we felt that we were moving from non-structure to structure – and we wanted to get it right, once and for all. We wanted to get *the* right design in place so we could grow properly. Internal discussions about “who,” “how” and “why” were constant. (Many Evergreen staffers believe these discussions were not constant enough.) When the dollars were available, we hired consultants; when consultants were unavailable, we read the planning documents of other organizations and had meetings to discuss options. Never before had internal communication been a greater challenge.

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We began to move away from the “chaotic” magic of our past by putting control systems in place to help us manage our growth. We designed and redesigned job descriptions and time sheets allocating tasks and setting standards across a huge array of projects; we developed highly specific contracts with staff and partners and we organized a hierarchy of planning cycles that would have made any formally trained strategic planner feel proud. We worked hard to plot every conceivable detail. We were building a linear, ordered, machine.

On some levels we were doing precisely the right thing – but despite our careful thinking and detailed plans, we quickly found ourselves surprised by unexpected changes around us. In fact, we might have foreseen these changes; but our plans, roles and responsibilities were so tightly crafted that we had a difficult time adjusting to the unforeseeable challenges that came our way. Delays in partner negotiations, changes in key funding commitments and unforeseen political developments made some of our most detailed project plans literally useless. We were thus forced to reorganize the linear, controlled model we had recently put in place.

These unpredictable challenges and unforeseen opportunities caused continuous shifting and realignment of roles, responsibilities and working relationships. Under the circumstances, group dynamics had their good days and their bad days.

At the root of our frustration was the opposing relationship between our culture of collaboration – with its fluid, on-the-job, strategic orientation – and the need for detailed plans to ensure that everyone knows where everyone else was going. Our inability to align these forces caused all sorts of tension internally.

A second issue, more connected to problems of organizational structure, was the matter of decision making and accountability. With the continual shifting of roles and responsibilities, the evolving distribution of power, position and influence (see Walzer 1983) across the organization was a point of regular stress. Our efforts to design a system of efficiency based on traditional models of hierarchy created new and unexpected inefficiencies. We entered a period of staff discontent, reduced responsiveness and organizational planning paralysis. We inadvertently restricted the role of collaboration

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among peers at Evergreen and we reduced the legitimate place of influence for several key members of the organization.

The formal structure we tried to develop did not suit our needs – the structure did not reflect our culture of collaboration, the open style of our leadership, the professional skills of our staff, the novel complexity of our industry, or the age and size of our organization. The need to ensure some sort of congruence between these internal and external factors (see Lawrence and Lorsch 1967) in the design of the organization became obvious.

Since its inception, Evergreen has always evolved along a somewhat unpredictable path. Entrepreneurial energy, creative problem solving and the desire to innovate have ensured a constantly changing series of opportunities and challenges. Emergent strategy, in Mintzberg's sense of the term, has been a day-to-day reality. This organizational style requires a management structure that celebrates teams, collaboration and problem solving (see Mintzberg 1998).

From my point of view, it seems as if significant change at Evergreen is inevitable – for the foreseeable future. Unfortunately it is very difficult to determine precisely which opportunities will evolve, and in what manner. Our organizational structure, the design of our teams, workflows and decision-making processes will have to be reshaped to fit the work we are doing today and the work we will be doing in the future. The problem is that we do not know what is ahead.

The structure we define for Evergreen will significantly impact our ability to respond to change. It will affect our ability to problem solve, make decisions and learn as an organization. So, with this in mind we ask ourselves:

- What is the most appropriate structure for Evergreen, today and tomorrow – and the day after tomorrow?
- How do we internally structure the organization with different units, teams and functions?

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- How do units overlap and work together?
  - How do we accommodate significant growth and change?
  - What is the best design for our management team and how should decisions be made? What do we look like – as an organigraph?
  - What are the critical success factors to support this structure and approach?

These questions will form the basis of this paper as I seek to develop answers that may appear right today but will require constant revision over time as Evergreen's realities evolve.

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## **Organizing: We All Do It – We All Try**

This section describes some of the leading contributions, as I understand them, to strategic management in the field of organizational design.

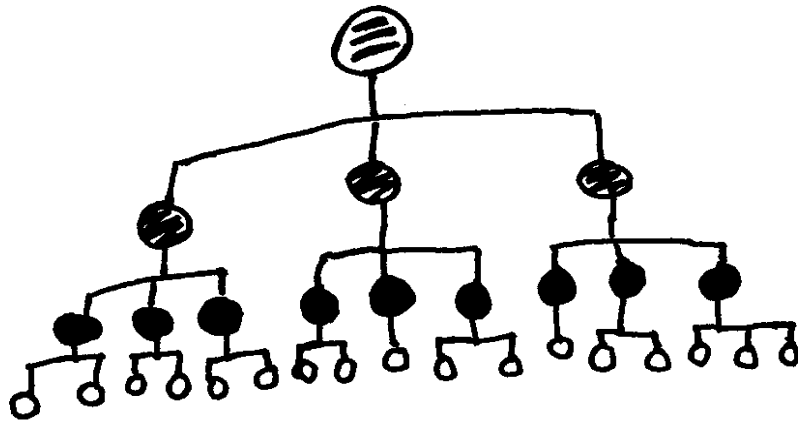
People organizing themselves into groups to accomplish certain goals are fascinating and bewildering to observe; to a participant, the experience, though occasionally exciting, is more often a source of frustration. Over time and place, humankind has evolved a huge variety of ways to get things done. Bakeries, specialty shops, universities, multinational corporations, regional charities and municipal governments – every example is different, in form and in function. The only thing that ties them together is the fact that they are organized by people, for people, in an effort to accomplish specific ends.

A small storefront bakery on the Left Bank in Paris is organized in a very different manner from a bread factory operated by Weston Foods in the suburbs of Toronto. The coordination of municipal affairs in New York City is radically different from local government in Bangkok. Knowledge management within the Samburu tribes of Kenya is totally different from the workings of the tabloids on Fleet Street in London. These contrasting examples only begin to hint at the diversity of approaches used by peoples around the world to organize and manage affairs. The factors that influence this variety are almost endless. The aim of organizational theory is to better understand how these groups of people work together: what works, what does not work and why.

At the risk of jumping in too quickly, I will present a selection of diagrams that highlight the variety and variability of organizational structures. Many of these diagrams are not easily understood without detailed interpretation. They are abstract expressions or interpretations, in simple and visually appealing form, of how people work together. The first few illustrations will be relatively familiar to most readers, while the last few are somewhat more complex. None of them tells the whole story of how organizations work, but they hint at the underlying workflows and cultures.

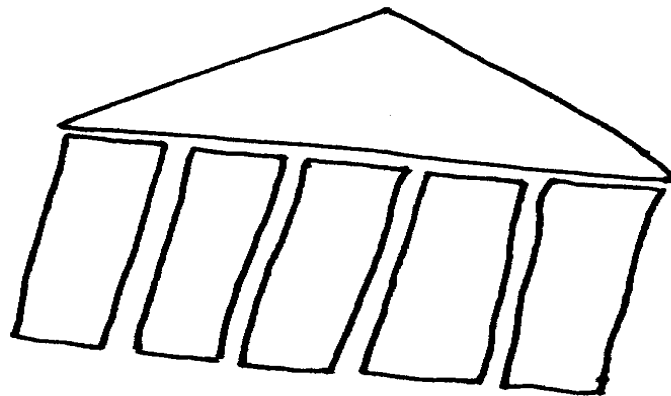
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Figure 2a. BUREAUCRACY



The operating model applied by most municipalities, hospitals and large Western (and Eastern) cultures to lead public enterprise. The predictability, accountability and order of this chart are appealing for many people. Bureaucracy is often understood as *the* way to organize efficiently (Weber 1921/1947).

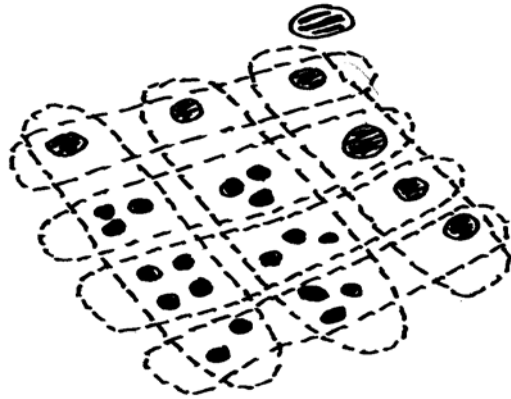
FIGURE 2b. DIVISIONALIZED



The operating model for multinational corporations with business in different countries around the world, each requiring regionally specific approaches. This organizational chart has become symbolic of big business (Handy 1993; Mintzberg 1993).

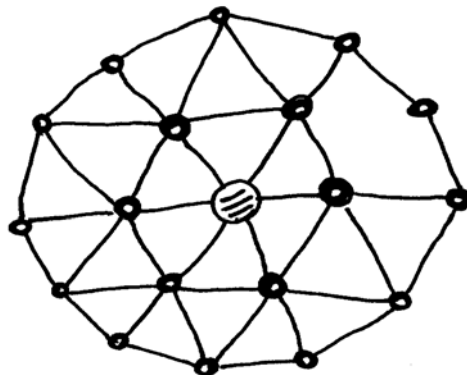
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**Figure 2c. MATRIX**



A hybrid bureaucratic form, which gives equal priority to functions and markets. The Matrix model has been applied to businesses that expect internal collaboration (everyone has at least two reporting relationships) to support problem solving, and require innovation to balance with efficiency. Gore Associates (maker of Gore-Tex) describes itself as a matrix or “lattice organization” (Morgan 1989).

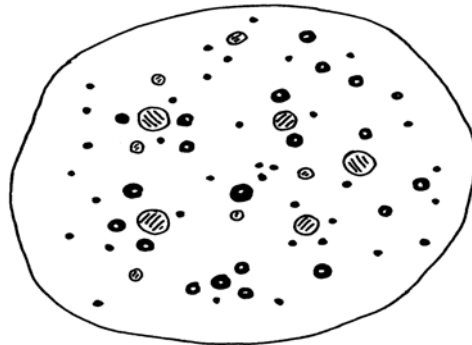
**Figure 2d. WEB**



An operating model that borrows ideas from nature, the Web has been celebrated through the Internet boom as the model of innovation and creativity in a world where everyone is connected to everyone else.

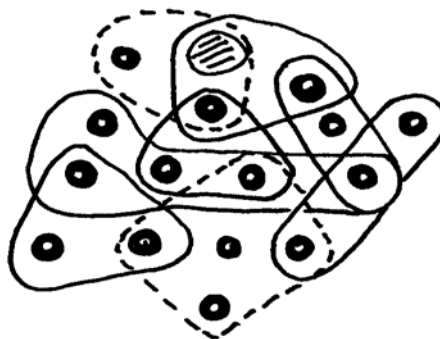
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**Figure 2e. PIZZA**



First introduced by Eastman Chemical CEO Earnest Deavenport, this pizza-shaped, person-oriented organizational chart highlights the way people are independent and yet part of a whole. In some respects it looks like a view of a city – from high above (Lyne 1992).

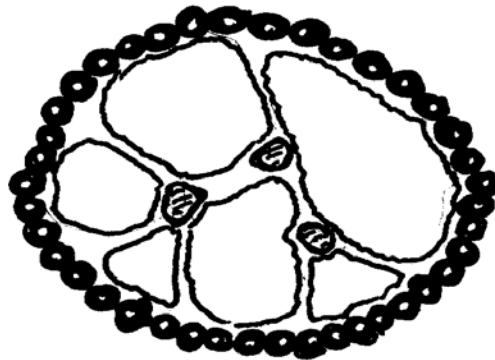
**Figure 2f. ADHOCRACY**



This organizational form, first described by Alvin Toffler in *Future Shock* (1970), has been applied at Intel, NASA and the Manhattan Project. It represents a fluid collection of teams. Its form is temporary, because by nature it changes constantly (Mintzberg 1979).

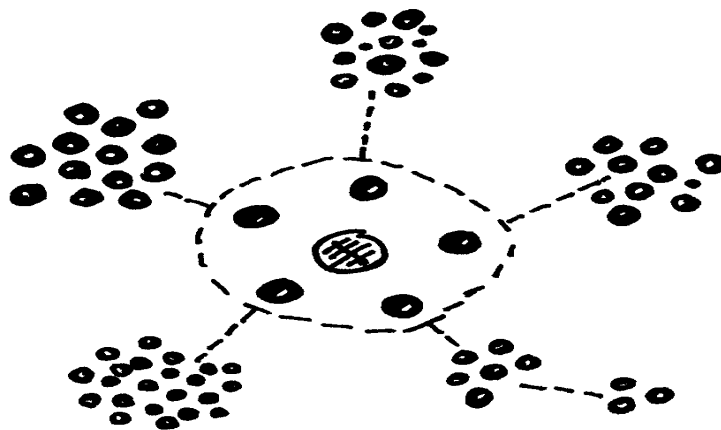
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Figure 2g. CELL



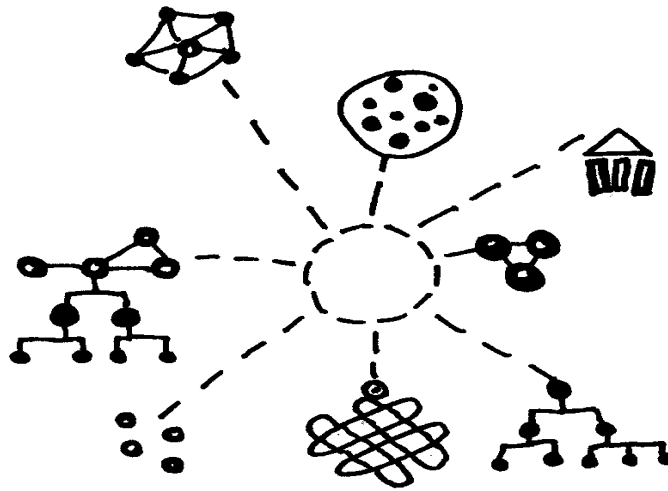
Understood as the organizing model for many underground political and social movements, the cell has most recently (to the dismay of some organizational theorists) been invoked to describe Al Qaeda. This model borrows ideas from nature. It presents many parts of a single form, each independent, but operating within the parameters of a single entity (Goerner 1999).

Figure 2h. NETWORKED (or LOOSELY COUPLED)



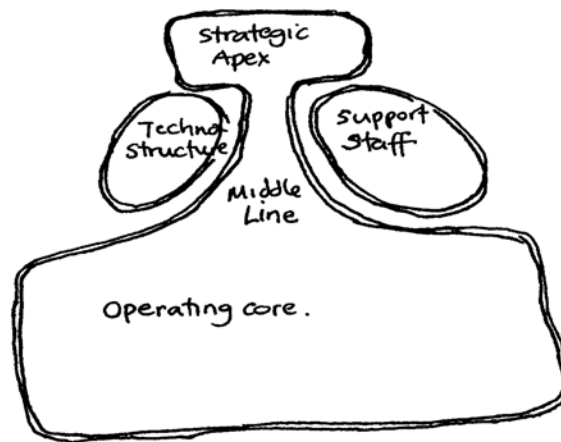
Many small organizations co-operate so as to deliver a project or projects. The large organization consists of lots of little ones that make their contribution in a cooperative manner (Morgan 1998).

Figure 2i. VIRTUAL



This non-organization does not physically exist. Essentially, it is a collection of subcontracted agents that come together informally, with coordination from the centre. Membership and leadership are in constant flux. Often used in the film and fashion industry (see Morgan 1998).

Figure 2j. ORGANIGRAPH



An alternative view of an organization that highlights “how a place works, depicting critical interactions, among people, products and information” (Mintzberg 1999, 88).

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Organizational analysis has been going on for millennia. The classical notion of organizational design, upheld by social theorists from Plato to Max Weber, is that there is a single best way for human organizations to be structured. Yet most of us have learned through our personal experience that social organizations vary considerably in their structural attributes. The objective of organizational theory has been to understand what determines these variations. Are some organizations simply less perfect than others, or are different designs better for different situations?

For at least the past four hundred years, we in the Western world have been developing mechanistic, linear systems to help manage our work. We have applied the “command and control” model to the design of virtually every aspect of society – our legal system, our financial procedures, our management theory and the design of our organizations.

We manage by separating things into parts, we believe that influence occurs as a direct result of force exerted from one person to another, we engage in complex planning for a world that we keep expecting to be predictable and we search continually for better methods of objectively measuring and perceiving the world. (Wheatley 1999, 7)

With specific reference to the design of organizations, many managers have been operating with this machine model to design linear, controlled organizations. The traditional “machine bureaucracy,” as Mintzberg describes it in *Structure in fives: designing effective organizations* embodies this thinking. This historical perspective of machine models has dominated our organizational thinking until very recently.

With a deepening understanding of how things really work in the real world, academics, scientists, business people and leaders of all sorts are beginning to move away from linear, “command and control” models and apply new approaches that reflect broader, more systemic ideas about organizational design, as Figures 2c to 2i show (Morgan 1998; Mintzberg 1993; Wheatley 1999; Zimmerman et al. 1998). These approaches are specific to the context of each organization and each phase in the life cycle of an organization. Context-specific design takes into account the environment and the strategic objectives of an organization, leading to the emergence of new models. For the past fifty years, most actively in the past thirty, there has been a massive amount of thinking applied to the issues that affect design.

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In contrast to the classical thinking noted above, most theorists today believe that there is no single, “best way” to organize (Mintzberg and Quinn 1998, ix). What is now regarded as most important is that there be a coherent fit between the organization’s structure and its context – its strategy, its people and the environment in which it operates. In other words, organizational design depends on circumstances. So if there are no rules, no “ideal” structures, we need to begin with a clear understanding of the context and be able to design accordingly.

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## Three Factors That Influence Design

It is argued that design considerations are influenced by three key factors:

- Strategy: the pattern or plan that integrates an organization's major goals, policies and action sequences into a cohesive whole (Quinn 1980)
- People: who are the leaders, how many people are involved, what are the cultural norms, values, etc.? (Handy 1993)
- Environment: the economy, competition, distance to market, political climate, etc. (Lawrence and Lorsch 1967)

Some organizational theorists suggest that there is a hierarchy among the three; others see them as part of an integrated whole.

In *Strategy and Structure* Alfred Chandler has argued that a firm's structure is dictated by its chosen strategy. "Unless structure follows strategy, inefficiency results. First, a company should establish a strategy and then seek to create the structure appropriate to achieving it" (1962, 36). Only after an organization figures out what it wants to be, should it then consider how to structure itself to serve the strategy. On the surface this sounds rational and appropriate: you have to know where you are going before you choose the mode of transportation.

Since 1962 many management professionals have challenged Chandler's position, claiming that strategy and structure are actually related partners in a process (Lawrence and Lorsch 1967; Mintzberg 1991; Morgan 1998; Quinn 1977). Structure, these authors suggest, is a critical part of the strategic process. For many, structure is the most important strategic tool available to a manager, especially for organizations that operate in dynamic environments where multiple variables are in play on a constant basis, or where the focus is on innovation. Where fluid, informed problem solving is necessary to respond to changes in the marketplace, strategy and structure must act as partners in the delivery of successful results – they inform each other (see Bartlett and Ghoshal 1989; Mintzberg and Quinn 1996). In *Strategy Safari* (1993, 35), Mintzberg writes that

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“structure follows strategy, the way the left foot follows the right in walking. In effect, the development of strategy and the design of structure both support the organization, as well as each other. Each always precedes the other and follows it, except when the two move together, as the organization jumps to a new position. Strategy formulation is an integrated system, not an arbitrary sequence.”

The second factor influencing design is people. The leadership styles and management approach of the people involved in any enterprise are increasingly regarded as critical variables in the design of organizational structure (Bartlett and Ghoshal 1989; Butler et al. 1991; Handy 1993). For any organization, certain parts of the puzzle are in place. Charles Handy in *Understanding Organizations* (1993) writes that the critical determinants of organizational design and effectiveness are linked to the characteristics of its members, the leadership style of its managers and the group’s overall size and stage of development.

The evolution of organizational design is one that involves a constant interplay between the staff skills, interests and culture actually in place and the conditions that must be met in order to support strategic adjustments. It is an entirely iterative process, in which the staff influence the shape of an organization through their ways of thinking, feeling and doing (Mintzberg and Westley 2000), together with the requirements of strategy. From this, the organizational structure is defined.

The process of building an organization such as Evergreen – fitting together different skills, different styles and different ways of doing things – has always felt like assembling building blocks or fitting a jigsaw puzzle together. The critical factors in the growth of our organization have always been the people in our office. Predefined structuring has never really worked for us. People come and go. Changing project plans require adjustments in how tasks are distributed. And the evolving interests of staff require corresponding shifts in the distribution of work. The puzzle metaphor has always been a core consideration in our design work.

On a related note about organizational dynamics and building effective teams, Handy states: “Heterogeneous groups tend to exhibit more conflict, but . . . are more productive than homogeneous groups” (1993, 159). Managing staff diversity in organizational tasks

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is critical when effective problem solving and overall effectiveness are important considerations. Meredith Beldin (1981) studied the best mix of characteristics in a team and discovered that a team comprised of the brightest did not necessarily produce the best results. A team, according to his research, requires eight balanced “roles” to ensure fully functioning dynamics. Organizational structure must apply this knowledge to the design of teams. If problem solving is a critical necessity, a heterogeneous group – a diverse group – is a necessary design consideration. And the characteristics of team members – the types of people involved – will have a defining impact on the design of the group and significantly influence organizational structure and effectiveness.

The third and arguably the most important factor in the determination of organizational design is the environment: the economy, the market, the competition, the culture and the politics surrounding any organization. Almost without exception, managers now regard the environment of the organization as a critical variable in the design of workflow, reporting and decision-making structures.

One of the most insightful studies I came across was developed by Lawrence and Lorsch and summarized in their book *Organization and Environment* (1967). This study compared organizations in different industries, with different products, operating in different environments. They found that the internal environments of various businesses are most effective when the firm aligns itself with the external environment. In general terms, the key message is that the best way to organize is contingent upon the degree of complexity, the amount of uncertainty and the level of diversity in the environment. The better the match, the more successful the organization.

Lawrence and Lorsch found that organizations in stable, predictable environments were most efficient and productive when they used traditional, stable, hierarchical structures. However, organizations exposed to rapidly changing environments or dynamic technologies were more successful if they pursued more flexible structures in which authority and control were decentralized. The authors also found that the higher the level of external change and uncertainty, the more subsystem specialization was necessary.

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This perspective is often referred to as “contingency theory” and contrasts sharply with the classical theory that presents an ideal way to structure and manage organizations. One size evidently does not fit all.

The contingency view as introduced by Burns and Stalker (1961) suggests that

Different types of organizational structure are suitable for particular environmental conditions. An organization with well-defined tasks and a rigidly hierarchical system of decision taking is argued to be appropriate for stable environmental conditions. Where the environment is changing, an organic form of organizational structure is deemed more appropriate, in which tasks are flexibly defined and participants cooperate on the basis of expertise and not on hierarchical positions. (164)

According to Mintzberg (1979) an organization’s structure is determined by the variety one finds in its environment. This environmental variety is determined by both environmental complexity and the pace of change. He identifies four types of organizational form, which are associated with four combinations of complexity and change.

As Figure 3 shows, “simple/stable” environments require formal, centralized organizations where accountability reigns supreme. Environments that are stable (unchanging) but complex in nature require decentralized structures with experts in the field delivering standardized services (for example, in law offices and accounting firms). In a “simple/dynamic” environment, such as an entrepreneurial startup, a fluid, organic model with centralized control is necessary. In “complex/dynamic” environments, informal, decentralized organizations are required, with experts working in teams close to the ground – for example, in research and development units, urban planning and most new technology industries (Mintzberg 1976). I will return to these ideas later in this paper.

Mintzberg (1976) further suggests that the environmental considerations are most important in senior management circles. Leaders must integrate well with their surroundings; it is critically important that they be aware of subtle changes and shifts in the environment, for these are cues that influence strategic decisions and organizational design adjustments.

**Figure 3. ENVIRONMENTAL COMPLEXITY**

		Simple	Complex
<b>Change</b>	<b>Stable</b>	<i>Low uncertainty</i> <b>Machine Bureaucracy</b> Mechanistic structure (formal, centralized) Culture: operational, accountability Orientation: technocracy, extensive planning Standardized process and outputs	<i>Moderate uncertainty</i> <b>Professional Bureaucracy</b> Mechanistic structure (formal, decentralized) Culture: professional craft specialization, few integrating functions Standardized skills and norms
	<b>Environmental</b>	<i>Moderate uncertainty</i> <b>Entrepreneurial Startup</b> Organic structure (informal, centralized) Culture: artistic, visionary planning Orientation: few departments, few integrating roles Direct supervision	<i>High uncertainty</i> <b>Adhocracy</b> Organic structure (informal, decentralized) Culture: teams of professionals, many integrating roles, forecasting, scenario planning Mutual adjustment

Adapted from Mintzberg (1976, 286); Burns and Stalker (1961).

Managers must have their eyes on all three design considerations – strategy, people and environment – in order to properly align the organization. It is well understood by writers on strategic management and organizational structure that the critical challenge most managers face is in the alignment – finding the right fit – between strategy, structure and the conditions of the environment. The wrong fit can spell disaster. Corporate mergers and acquisitions have often highlighted this challenge. A failure rate of forty to seventy percent, depending on the researcher (see Wilson 2001), has all too often highlighted the

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challenges associated with the misalignment of organizational design that occurs when new owners impose new structures from outside, without clear consideration of the organizations context. The high failure rate of mergers and acquisitions cannot be attributed fully to misalignment of organization and context; but it is a significant issue in the eyes of many management theorists.

In other situations, management can “get off the rails” when attempting to put structures where they do not belong. As Mintzberg and Westley observe in their examination of a multinational organization (2000, 91), “the over-formalization of structure may inhibit strategic thinking and also action.” The personal interest of a few powerful technocratic managers as described by Patricia Pitcher (1997) can result in a series of inappropriate processes and systems that may cause ineffectiveness.

Organizing as a group is important but difficult. However, it influences a huge range of issues including problem solving, decision making and information processing; the collection of knowledge and ideas; customer satisfaction; and the commitment and involvement of individuals associated with the organization (Handy 1993, 152). The commitment of individuals on the surface might appear to be a relatively unimportant function of organizational design; it was last on my list; but in reality it is the heart of the matter.

Structure plays a very big role in influencing behaviour. Peter Senge in *The Fifth Discipline* (1990) clearly articulates the fact that organizational design is a critical issue when trying to generate strategic action of a certain type. “Structure produces behaviour and changing underlying structures can produce different patterns of behaviour. In this sense, structural explanations are inherently generative” (Senge, 74). Organizations are much more than simple reporting structures that include “who is accountable to whom.” Organizations must accommodate and support the way people work together – how they develop ideas, evolve plans and make decisions. These activities are influenced by structural considerations such as policies, rules and organizational norms (Senge 1990). And the way people work together influences the structural form of any organization – in an iterative exchange.

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It is now well understood that organizations are complex systems of people, tasks and technology, and that the people and environmental context of the organization, in combination with its strategy, will significantly inform its structural configuration. Structure helps to define role and responsibilities, relationships, channels of communication and the decision-making process (Mintzberg and Quinn 1998). Through the design process, organizations try to improve the probability that the collective efforts of members will be successful.

In the next section of this paper I will consider the building blocks of any organization – the basic units and division of tasks – and how it all fits together.

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## Building Blocks: The Parts That Make a Whole

With people, environment and strategy in mind, it is time to turn to the details of the design elements. What are the parts in a design process that can be worked with?

At the heart of any organization – its board of directors, management teams, task forces and committees – is the question of who does what and how responsibilities are managed. “Every organized human activity – from the making of pots to the placing of a man on the moon – gives rise to two fundamental and opposing requirements: the division of labour into various tasks to be performed and the coordination of these tasks to accomplish activity” (Mintzberg 1993, 2).

It is important to understand the various units that operate in any given organization and consider how they are grouped and aligned between and among each other. As noted by Peter F. Drucker (1974, 523), “the first step is not designing the organization structure; that is the last step. The first step is to identify and organize the building blocks of organization, that is, the activities which have to be encompassed in the final structure and which, in turn, carry the structural load of the final edifice.”

Some organizational theorists begin with the design of individual positions, as Henry Mintzberg does in *Structures in Fives* (1993, ch. 2). As Mintzberg’s chapter sequence makes clear, the articulation of individual tasks is the first step, followed by the grouping of tasks, then by the designing of the superstructure. However, I cannot help but suggest that it is equally appropriate to design the broad groupings (the superstructure) first, and then move into the design of individual tasks within the broad groupings. Either way, this segment of my paper will focus on the broad groupings, the macro level units and the superstructure. I will not entertain the details of individual job descriptions in this paper.

In *Management* (1974), his 840-page contribution to the field of organizational theory, Peter F. Drucker suggests (p. 524) that there are three different kinds of work in every organization, however small and simple. He defines these three main areas as:

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1. The “community or institutional level” – concerned with the broad objectives and the work of the organization as a whole. Applied to our work at Evergreen, this would include the wants and needs of our stakeholders, the orientation of our Board of Directors, the strategic planning framework we operate within, our policies and (to a certain extent) the role of the Executive Director.
  2. The “managerial or organizational level” – concerned with the coordination and integration of work, such as resource allocation, administration and control of the operations of the Technostructure. At Evergreen this would include the Executive Director, the Management Team (Directors and top level Managers) and to some degree the people providing support functions such as information technology, human relations and financial management.
  3. The “technical level” – concerned with on-the-ground delivery of technical functions and projects. At Evergreen this level clearly includes our long list of project managers and coordinators, the specialists delivering our activities.

The simplicity of these three groupings is attractive, and has clear application to the broad groupings we operate with at Evergreen. In some respects it is very similar to the analysis offered by many other organizational theorists.

Mintzberg articulates the layering of functions in terms of five identifiable elements: Strategic Apex, Technostructure, Support Staff, Middle Line and Operating Core (see Figure 4).

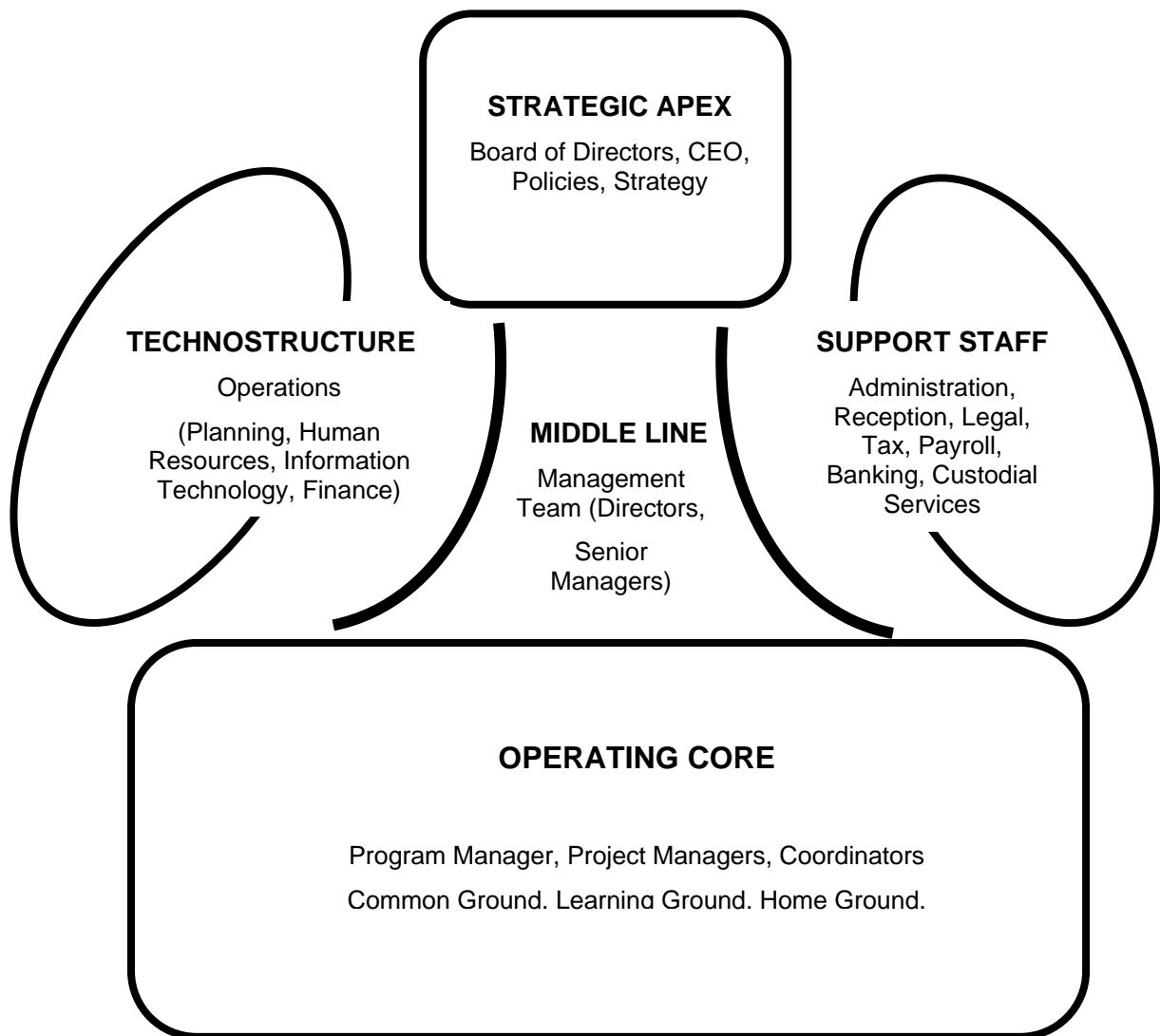
Given the importance of this area of analysis to the eventual articulation of our organizational structure at Evergreen and the fact that I draw more on the work of Mintzberg later in this paper, I will elaborate on the specific characteristics of this model and consider the theory in the hope that it will offer some clear ways for modeling our organization through the division of labour into the various tasks to be performed.

Essentially, Mintzberg conceives of a mature and fully elaborated organization as having five basic unit groupings.

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The Strategic Apex, the Middle Line and the Operating Core (are) all connected in an uninterrupted sequence to indicate that they are typically connected through a single line of formal authority. The Technostructure and the Support Staff are shown off to one side to indicate that they are separated from the main line of authority and influence the Operating Core only indirectly. (Mintzberg 1993, 10)

**Figure 4. THE MINTZBERG MODEL OF ORGANIZATIONAL STRUCTURE**



Adapted from Mintzberg (1993) Figs. 1, 2.

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The Strategic Apex is responsible for defining the organization's "ends": its mission and (to a certain extent) its strategic orientation. At Evergreen the Board of Directors exercises this function, with substantial input from the Executive Director and the Management Team. The flow of ideas in and out of this part of the organization is very active and not unidirectional. According to our policy governance model, our "ends" are the responsibility of the Board; but in reality the strategic evolution of our activities occurs as a fluid exchange between front-line staff, senior staff and Board members, with day-to-day management decisions informing strategy. This level is easily compared to Drucker's "community or institutional level."

The Middle Line, according to Mintzberg, is responsible for holding the organization together and serves an important integrating function, vertically and horizontally. The Middle Line helps to interpret strategic objectives and to integrate planning and delivery. The Management Team serves this role at Evergreen, with its directors of Development, Programs, Communications and other key functions – managers with a deep understanding of the vision, values and capacities of the organization, whose responsibility is to sort out a variety of "half-baked" ideas, give them life and ensure their effective integration into all programs and projects. At Evergreen the lines between idea development, planning and implementing are often blurred, as project managers evolve ideas that cannot be fully articulated in the planning stage and may require elaborate interactions with outside stakeholders, partners and internal staff before they can be refined and developed. These "fuzzy" plans are understandably difficult to integrate; and here is where the Middle Line comes into play. Given the fluid process of interpretation of strategy and integration of ideas internally, the Middle Line helps to ensure that projects evolve in a manner that is consistent with the ideas determined by the Strategic Apex. It is a process of emergent strategy (Mintzberg et al. 1998). At Evergreen, many of our Middle Line staff are also highly involved with the functions of the Strategic Apex. This level is similar to Drucker's "managerial or organizational level."

The Operating Core "encompasses those members – the operators – who perform the basic work related directly to the production of products and services" (Mintzberg 1993, 12). The operators perform the core functions and deliver the primary outputs. At Evergreen, this function is filled by the many professional managers who have responsibility for projects, large and small. These managers – land use planners,

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educators, MBAs, marketing professionals and others – are critically important to the delivery of complex programming. They have been hired to ensure a highly skilled, diversified team to support effective problem solving and project delivery. This Operating Core group is closely linked to the Middle Line, and it is often hard to distinguish between the two; many of these staff members are more highly trained professionals, in some respects, than the Middle Line personnel. The critical difference is the fact that the “operators” are concerned with delivery, while the Middle Line staff support integration. The operators are the heart of the organization. At Evergreen we are known for the work of our Operating Core. They are the ones on the ground, sensing stakeholder needs and responding to the patterns they see. This level is consistent with Drucker’s “technical level.”

Mintzberg’s model defines a fourth unit in a fully elaborated organization. Off to one side, but centrally important to the organization’s effective functioning, is the Technostructure, whose function is to ensure standardization, analysis and stabilization. This includes the standardization of work process, planning and various control functions such as finance, information technology, procedural policy and skills development. At Evergreen, this role is served by our Operations Department – two full-time staff who help to ensure that planning and day-to-day processes are smoothly managed and efficiently developed. Like many not-for-profit organizations, we have historically under-invested in this area, due to a lack of funds and the difficulty of defining areas for standardization (among other reasons); however, if we expect to mature further, this area will have to be developed. Mintzberg also points out that efficiencies through standardization and improved internal coordination are realized when the Technostructure is well developed.

The fifth and final organizational grouping, as defined by Mintzberg, is the Support Staff. Off to the side, this functions as the administrative support to the operating activities of the organization. This often includes payroll, legal services, reception and anything else that is not involved with delivering the organization’s output or standardizing its work processes. At Evergreen this function has traditionally been lumped together with the Operations Department. As we evolve we seem to continue to subcontract this work given the fact that it is not part of our core competence and it is not at such a scale that it

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is worth building our capacity in this area. This area is also supported by our Board of Directors committees and to some extent the “side jobs” of existing full-time staff.

As an abstract model, Mintzberg’s organigraph highlights very effectively the way things could or should work at Evergreen. In reality, however, our projects and activities seem to flow from the Strategic Apex through to the Operating Core in one fluid motion rather than in a sequential procedure. But the subdividing of this series of activities into the three units is a helpful conception for bringing our organization to maturity. It will help us conceptualize the division of tasks and the coordination between the units in a way that was never before considered.

The definition of the two work areas associated with the support units “off to the side” (Technostructure and Support Staff) is also very helpful. These areas, which include the databases, financial systems and general IT systems at Evergreen, are largely managed (and critiqued on an ongoing basis) by the Middle Line and the Operating Core staff. We do have an Operations Department and the work in this area aligns with these side units; still, they require more capacity.

The fact that these two units are not developed suggests that we have not elaborated our structure as a mature organization. It seems clear that these areas, and the clarification of the “fuzzy” lines internally, will become more refined in the future given current trends in that direction. This model, with its five units, helps to clarify how we may be able to find efficiencies in a refined structure.

To sum up: Mintzberg’s model is an excellent depiction of organizational structure and a helpful tool in the planning for future design work. It goes further than the three-part model proposed by Drucker, and when applied to the realities of Evergreen it stands up remarkably well. Unlike other organizational charts, the Mintzberg model presents broad groupings rather than individual positions and it presents roles and relationships rather than accountability. For these reasons it is fundamentally different from the traditional hierarchical diagram (see Figure 2a).

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## Configurations: Putting It All Together

With the five elements of structure behind us, it is time to look at organizational configuration and consider how all the pieces fit together. I will turn to Mintzberg's work again, particularly his interpretation of how different parts are coordinated in different situations. There are of course several different configurations an organization can choose to fit its specific contingency factors (strategy, environment and people).

In *The Structuring of Organizations* (1979) and *Structure in Fives* (1993) Mintzberg argues that there seem to be five ideal configurations based on contingency factors:

1. Simple Structure
2. Machine Bureaucracy
3. Professional Bureaucracy
4. Divisionalized Form
5. Adhocracy

He considers these five configurations ideal and each one an optimum organizational structure. Mintzberg admits that many organizations are apparently hybrids of these five structures – the implication being that these hybrid organizations are not “ideal” and are not performing at their optimum because they are not pure in form.

In the following pages I will elaborate on these five configurations. Given the fact that the purpose of this paper is to explore design configurations for Evergreen, I will spend more time on one of the five models – the Adhocracy. I will offer some details about each of the others in an effort to balance and contextualize my thinking.

### *The Simple Structure*

The Simple Structure is closely associated with the work of early stage entrepreneurial organizations. The key part of the organization is the Strategic Apex where the leader tends to coordinate affairs through direct supervision. According to Mintzberg, the Simple Structure “is characterized, above all, by what is *not* elaborated. Typically, it has

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little or no Technostructure, few Support Staffers, a loose division of labour, minimal differentiation among its units and a small managerial hierarchy. Little of its behaviour is formalized and it makes minimal use of planning, training and liaison devices” (1993, 157).

All-important decisions tend to be centralized in the hands of the Chief Executive Officer, and this ultimately marginalizes other participants.

Mintzberg goes on to suggest that most organizations pass through the Simple Structure in their formative years. I am not sure that Evergreen passed through this phase. From its formative stages, Evergreen involved many people in collaborative decision-making processes rather than centralized direction. As Figure 3 shows, the environment of the Simple Structure tends to be simple and dynamic, since the environment is simple enough to be comprehended by a single individual. But because it is dynamic and prone to change, an organic structure will eventually be required. And because the Simple Structure’s future state cannot be predicted, the organization cannot coordinate itself by standardizing skills or outputs, even though it must remain flexible enough to meet new challenges and opportunities. What is more, an organization with a Simple Structure does not have an elaborate, formal arrangement of reporting relationships. Work relationships are fluid. The Simple Structure is fragile, given its dependence on a single individual.

### *The Machine Bureaucracy*

Figure 2a depicts the Machine Bureaucracy, Max Weber’s ideal organization of the future. It is found in environments that are simple and stable, where very formalized, specialized, routine operating tasks are carried out each and every day by a large and well-organized base of employees.

As Weber sets out in *Economy and Society* (1921), the “ideal type” of bureaucracy is characterized by an elaborate hierarchical division of labour directed by explicit rules, impersonally applied, staffed by full-time, life-time, professionals. These ideal bureaucrats are not in any sense autonomous: they do not own the “means of administration” or their jobs, or the sources of the funds they handle; they live off a salary, not from income derived directly from the performance of their job.

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This ideal bureaucracy encompasses governments, institutions and big businesses, where the environment is defined by rules, regulations and formalized communication. The unit sizes are large and there is a focus on functional groups (e.g., production, sales, finance), rather than market groups (e.g., regions or products). Decision-making power is centralized, and an elaborate administrative structure is engaged to support decisions. Because the Machine Bureaucracy depends primarily on the standardization of work processes for coordination, the Technostructure (Chief Administrative Officer, Controller, Chief Financial Officer) is often defined as the key part of the structure.

Innovation is not the business of Machine Bureaucracy. Its structure is stiff and highly rationalized; it cannot be easily reworked to function in a dynamic environment where activities cannot be predicted or made repetitive. According to Mintzberg and many other organizational theorists, the Machine Bureaucracy is typically found in stable, mature organizations that are large enough to have a volume of work that would necessitate repetition and standardization, and old enough to have established core standards. The managers at the Strategic Apex are concerned with fine-tuning the machines and removing uncertainties. These are “performance organizations” not “problem solving” ones (see Mintzberg 1993).

### *The Professional Bureaucracy*

A Professional Bureaucracy is typically a large business filled with professional experts such as lawyers, accountants, consultants, doctors and designers. Only highly trained specialists – professionals – are hired and trained to support the body of work managed within the Operating Core. These experts are given considerable control over their own work, and usually work independently.

Coordination between professionals is managed through the standardization of “skills and knowledge – in effect, by what they have learned to expect from their colleagues” (Mintzberg 1979, 357). The Professional Bureaucracy emphasizes professional authority – the power of expertise. Its strategies are, for the most part, those of the individual professional within the organization. Like the Machine Bureaucracy, the Professional Bureaucracy is an inflexible structure, well suited to producing its standard outputs but poorly suited to innovation (Mintzberg 1993).

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### *The Divisionalized Form*

The Divisionalized Form of organization is essentially a collection of “quasi-autonomous entities coupled together by a central administrative structure” (Mintzberg 1993, 215). Unlike the loosely connected parts of a Professional Bureaucracy (individuals), the divisional entities are a series of entire organizations, held together by an authoritative headquarters. The Divisionalized Form is most commonly used by corporate multinationals delivering products and services in many countries. “In general, the headquarters allows the divisions close to full autonomy to make their own decisions and then monitors the results of these decisions” (ibid., 217). As such, the Divisionalized Form is usually organized around markets (e.g., Canada, Brazil, Thailand) rather than production, sales, finance or other functions.

The structure of each of the divisions tends to be modeled on that of a Machine Bureaucracy. In this sense, this organizational model is a variation of the machine model, repeated internally. The fact that power is decentralized internally (so that each division can manage its own affairs) is a distinguishing feature; but the hiring, firing and performance management of all divisional leaders lie ultimately in the hands of the headquarters. Innovation is not a capacity of this model.

### *The Adhocracy*

The fifth and final structure described by Mintzberg is Adhocracy – the “New Age” organizational design and, by some accounts, the design of the future. It is also the most complex and difficult model to define because it is inherently dynamic; it never stands still long enough to be defined. For this reason, the research and thinking on how Adhocracy works and why it works is not very well developed. Various theorists refer to the design by names: networked, organic, web, lattice, project team, innovative organization. The recent boom (and bust) of the Internet industry has given prominence to this structure. Some suggest that the Manhattan Project (the effort to develop the first nuclear weapons for the United States during the Second World War) was the first studied Adhocracy; others highlight NASA as the early leader (see Mintzberg 1993).

The term “adhocracy” was coined by the American social critic Alvin Toffler in *Future Shock* (1970). In chapter 7, “*Organizations: The Coming Ad-Hocracy*” Toffler pointed

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out that “Project organization is widespread in the aerospace industry. . . . Proposal-writing teams often work together for a few weeks. . . . When the contract is won, new teams are successively established for the development and, ultimately production of the goods required. . . . Task forces and other *ad-hoc* groups are now proliferating.” Three decades later, the idea of ad-hoc management has evolved to a point where leaders are considering and applying this configuration as the over-arching organizational design model.

The Adhocracy is clearly positioned for an environment that is both dynamic and complex (see Mintzberg 1993). This environment requires a decentralized organizational form, with responsive, fluid strategies. Unpredictable environments combined with sophisticated innovations makes for an organizational structure that is complex to manage. Advertising agencies, research and technology firms, think tanks and certain consulting businesses are often associated with this structure.

The complexity of the work requires adhocracies to hire and give power to experts. Innovating and building new knowledge require the combination of different bodies of existing knowledge. This is best supported with project teams, task forces and ad hoc committees. Managers are everywhere in the Adhocracy – functional managers, integrating managers, project managers. According to Mintzberg (1993, 256), “the last-named are particularly numerous, since the project teams must be small to encourage mutual adjustment among their members and each team needs a designated leader, a ‘manager.’” In adhocracies different specialists join forces in multi-disciplinary teams, each formed around a specific innovation.

To innovate in this manner means to break away from established norms – the innovative organization cannot rely on any form of standardization for coordination. “Of all the configurations, Adhocracy shows the least reverence for the classical principles of management, especially unity of command” (Mintzberg 1997, 255). Liaison devices (integrating managers, meetings, emails, bulletin boards and ad-hoc exchanges) support and encourage mutual adjustment internally. Success lies in the ability of staff to communicate and coordinate activities internally through mutual adjustment and collaboration.

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In an Adhocracy, the Strategic Apex, the Middle Line and the Operating Core are all woven together. Projects tend to flow from conception, to planning, to delivery and evaluation, all in one process, with the same people involved from beginning to end. The Adhocracy is the form for sophisticated innovation.

Given the context we face at Evergreen, it seems appropriate at this stage to more carefully consider how the Adhocracy, as a strategic configuration, fits our reality and how it might be applied in a more elaborate manner.

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## Part Two

### Contingency Factors and Evergreen

As mentioned earlier in this paper, Evergreen has been a success over time because of our ability to innovate and collaborate – internally and with partners. Evergreen has historically operated with a project orientation and somewhat ad-hoc, emergent organizational structure. As was seen in an earlier section of this paper, we have functioned as a highly organic collection of people, partnerships and ideas. Upon reflection, it is important to look at our environment and consider how Evergreen’s “contingency factors” have influenced its organizational design, and how that design may evolve in the future.

With respect to the three design considerations – strategy, people and environment – all three point us towards the Adhocracy. It fits well as a structural configuration.

Strategy is significantly connected to the design of our organization. On some levels our structure has been our strategy. Strategy formulation overlaps with the process of collaboration internally as experts evolve ideas in teams and evolve their plans over time. According to Mintzberg, an Adhocracy “cannot specify a full strategy in advance of delivery” (1993, 263). Strategy emerges along the way. At Evergreen, strategic decisions are managed by groups of people, all offering different perspective and different points of view. “Control and decision making in the strategy process should not be placed at the Strategic Apex (or anywhere else) given the fact that teams of experts must evolve ideas along the way – together – encouraging strategy to emerge” (ibid., 265). This sort of strategic orientation has been alive at Evergreen for some time, “where a pattern realized was not intended. Actions were taken, one by one, which converged over time to some sort of consistency or pattern” (Mintzberg et al. 1998, 11). The projects we have developed had no existing precedents, no existing markets and no particular standards to follow. As seen above, an emergent strategy is a core characteristic of the Adhocracy.

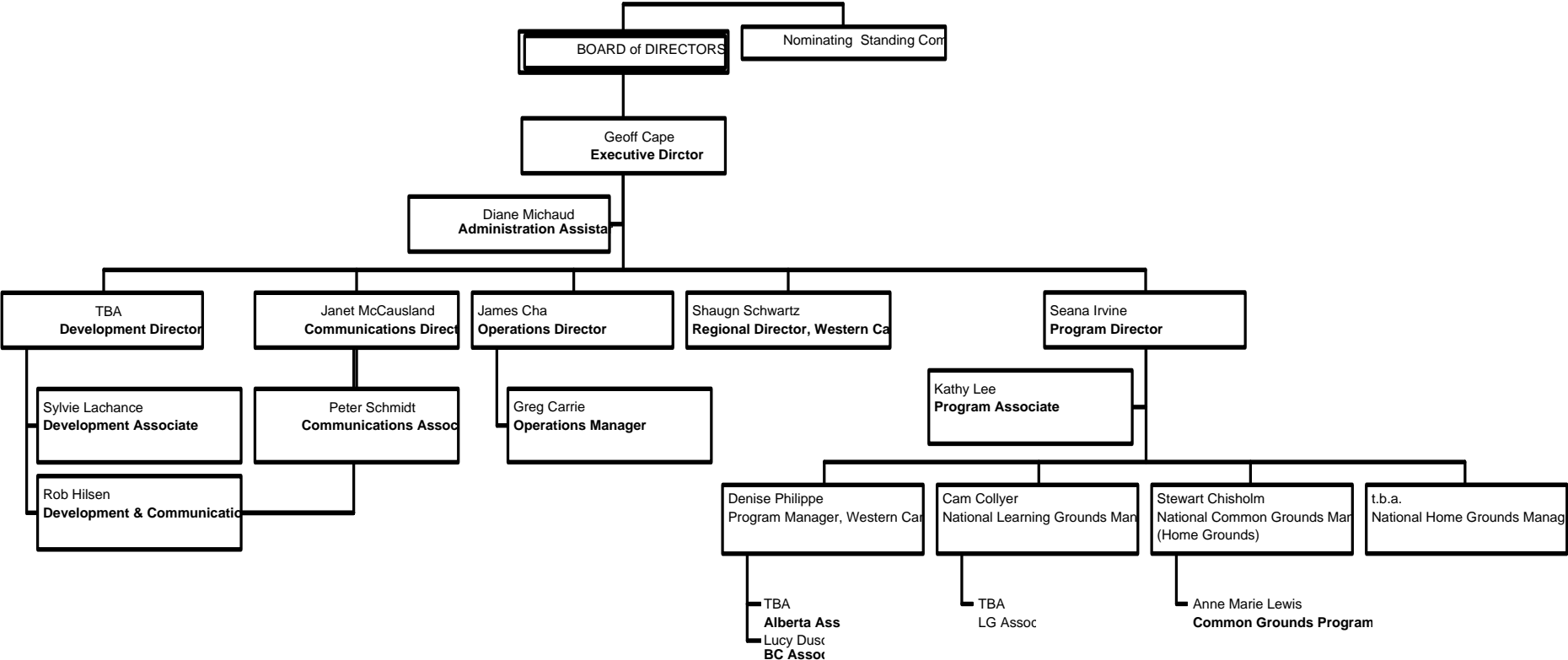
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Our people, who are well versed in working as teams and communicating openly, have had great success in collaborative exchanges. We realized early on at Evergreen that we required others to help make our ideas come alive. Evergreen emerged as a collaborative group expression; and in this format, we unknowingly embraced one of the core aspects of successful adhocracies: effective mutual adjustment and collaboration.

Our environment, the third of our design considerations, is complex and dynamic. As bold as this statement is, I think it is true. Although Evergreen is not *technologically* complex, in the sense that Intel's computer processor research or NASA's Space Shuttle program is complex, we are managing multi-sector partnerships, complex land use policy and creative funding models. We are also operating in a very dynamic environment. Politics have a significant impact on our work, funding partners are always changing and projects come and go. Our emergent strategy is a direct response to this context.

The alignment of these contingency factors clearly suggests a clean fit with the Adhocracy configuration. But during a recent period of rapid growth in 2000 and 2001 we moved away from this mode, towards a more rigid divisional structure. We created divisions to correspond with core functions and job descriptions were detailed according to the tasks of the Division. Reporting lines were clear, decision making was centralized with a Management Team and efficient work processes for planning and budgeting were defined in policy. On some levels we were very successful in transforming the organization to accommodate rapid growth. We efficiently managed a large-scale national program that had specific activities and specific deliverables – over a two year time period. During this period we delivered programming on a scale that was five times larger than in any other previous year. The clarity of the strategy and nature of our funding partners, combined with the tight timeframe, made for a logical shift to a more linear, bureaucratic format (see Figure 5).

**Figure 5. EVERGREEN ORGANIZATIONAL CHART**



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The model we adopted was more like the Machine Bureaucracy depicted in Figure 2 (a) and described by Mintzberg. The shift for Evergreen was appropriate, at the time, because it fitted our contingency factors. Unfortunately the fit for the organization culturally was less successful – or maybe it is more accurate to suggest that we need a new model today. Six months after our federal strategy is over we are in a different mode and a return to the Adhocracy format seems to be the best way to serve our new stage of growth.

As a typical consequence of adhocracy, according to Toffler (1970, 128), organizations now change their internal shape with a frequency – and sometime a rashness – that makes one’s head swim. Titles change from week to week. Jobs are transformed. Responsibilities shift. Vast organizational structures are taken apart, bolted together again in new forms, then rearranged again. Departments and divisions spring up overnight only to vanish in another and yet another, reorganization.

With this in mind we can comfort ourselves – our apparent multiple personalities being consistent with the model – that it is appropriate to change shape when the context changes.

A change of model is needed today, and a change is in the works. The Divisionalized Form no longer reflects the reality of our current working relationships. In some respects it never really meshed with the culture of innovation we have established as an operating value. We were never able to properly allocate “research and development” time; we were never able to find a place for some of our key projects on the organizational chart (e.g. regional operations); and we were never able to rationalize the hierarchy of programs (the things we do) and functions (the activities that support our work). As expressed in our organizational chart (Figure 5) functions ended up as the primary unit for grouping staff and this often led to inappropriate power and reporting relationships internally.

The shift from Divisionalized Form back to Adhocracy has occurred out of necessity, in response to the strategies we must employ, the people with whom we work and environment in which we are operating. The challenge now is to help ensure that it matures and becomes more intricate, more tailored. Our organizational form must find a

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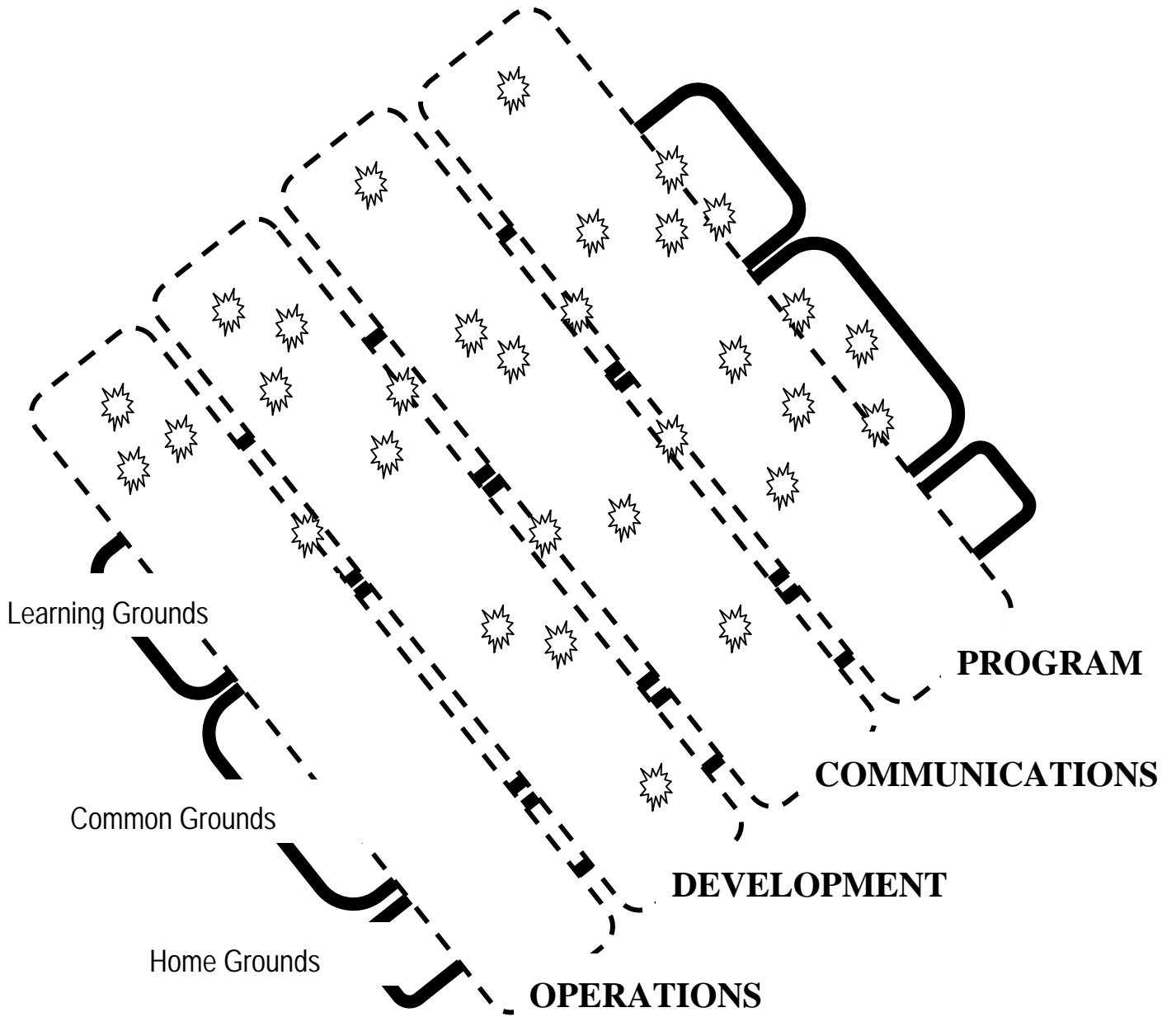
way to balance functions and markets; and it must find a way to ensure a collaborative approach to problem solving.

It seems appropriate for Evergreen to evolve as a matrix organization (see Morgan 1998). This will help to express the idea of multiple reports and the idea of cross-divisional thinking. With so many professional staff members active in the Operating Core, we have to find a way to ensure systems thinking. According to Mintzberg this is a somewhat standard response for adhocracies. The Operating Core is where most staff are grouped; but across this large group it is important to ensure integration. As I now understand, adhocracies often “establish regional and product divisions at the same level of the hierarchy, in a permanent matrix structure” (Mintzberg 1993, 269). With little formalization of behaviour there is a great deal of value in designing Evergreen around “functional units for housekeeping purposes – hiring, professional communication and the like – but ...[we should deploy ourselves] in project teams to carry out the basic work of innovation” (ibid., 256). From a structural perspective, this is essentially a matrix format, where staff have multiple reports – to functions and to projects.

With this in mind I have prepared the following organigraph to represent the dual leadership in place at Evergreen. The four functional divisions (programs, communications, development and operations) are crossed with the three core market divisions: Common Grounds, Learning Grounds and Home Grounds. The expressed requirement for collaborative decision making will encourage a more sophisticated strategic orientation than might otherwise be possible. As Gareth Morgan has written (1989, 65), “this dual focus, under ideal conditions, allows the various operating teams to combine functional skills and resources with orientation driven by the key tasks and challenges from the organization’s environment.”

Morgan adds: “In successful examples (of matrix organizations) the project-teams become the driving force behind innovation, providing an ability for the organization to change and adapt along with challenges emerging from the environment” (ibid.). This ability to change and adapt is critically important to Evergreen at this stage of development when the next steps are so complex and dynamic.

Figure 6. MATRIX CONFIGURATION



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The fact that we seem able to represent Evergreen in the form of a “matrix” highlights the fact that we are evolving some characteristics of a bureaucracy with the organization of functional and market-based groups. According to Mintzberg (1993, 272), “The configuration is continually being pushed to bureaucratize as it ages, usually in the form of a Professional Bureaucracy.” But the dangers of transitioning to a more bureaucratic format are that the essence of the strategy will be lost – the ability to innovate. On some levels I see the matrix organization as a hybrid bureaucratic form. It takes the best of departmental organizations and layers it with a project focus. It is possible that Mintzberg might regard the result as inefficient in some ways; but I can see benefits that extend into our two core competencies at Evergreen – innovation and collaboration.

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## **Structure and Coordination: Challenges For Now and Forever**

As we rearrange our working relationships certain groupings still struggle to find a place in the context of our emerging Adhocracy. One incongruity identified by our Operations Director, James Cha, is the fact that “the management team that once played an active role in the day-to-day operation and served as the principal decision making body, is becoming increasingly irrelevant” (Internal Memo, Spring 2001). This comment may overstate the situation somewhat but the point is real. When we were operating as a Divisionalized Form bureaucracy, the leadership of the Management Team (our Middle Line) was defined by day-to-day management issues and details related to the delivery of a planned strategy. Today we require a more fluid leadership style at Evergreen – one that engages a variety of managers in planning and the strategic integration of activities in an ad-hoc manner. The Management Team should be assembled on a case-by-case basis to support issues specific to the larger group.

At the same time we will also need to have some continuity in the group. The Management Team should also include a core group of individuals who are best positioned to be informed on all elements of our business. The Management Team must manage as strategic decision-makers and as integrators – people who help to ensure that projects include the right diversity of people, have the appropriate resources and are generally well linked internally.

Several specialists in our Operating Core who are responsible for projects large and small are managing our most exciting activities. The group includes professional urban planners, educators, MBAs and others who possess the expertise to lead their projects with minimal support. The emphasis is on results and getting things done. Resources are given to the right people at whatever level. These people are brought together in teams and given decision-making power to get on with the tasks at hand. Important programming decisions are discussed and made not by the Management Team but by staff members who are close to the issues.

Relationships and responsibilities are founded on capability rather than status. An internal document by Evergreen’s Operations Director, James Cha, notes that staff who are able

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to “rise to the challenge and clearly articulate their issues are quickly becoming de facto leaders of the organization and helping to set our agenda. Real power and leadership is shifting to project managers and teams that self-organize around innovative projects” (Cha 2000, 6). We will have to build some form of control system but this will likely be managed via the allocation of projects and targets and the allocation of budgets and resources. Rosabeth Moss Kanter (1999, 3) writes: “Effective leaders reconceive their role – from monitors of the organization to monitors of external reality. They become idea scouts, attentive to early signs of discontinuity, disruption, threat, or opportunity in the marketplace and the community.” Ongoing monitoring will be the responsibility of certain key staff with leadership roles in the area of integration and innovation – the core Management Team members.

The role of the Operating Core as we move forward will evolve significantly as staff become more comfortable with the new structure and more elaborately connected to other parts of the organization under the matrix structure. Collaboration as a mode of operation at Evergreen is alive and well; but the prospect of getting better at it is very exciting.

The areas at Evergreen where the most pronounced opportunity for capacity building exists are “off to the side” – in the Technostructure and the Support Staff. Mintzberg’s fivefold organizational model offers great insights into how we can realize benefits by spending time adding sophistication to these areas. Evergreen requires more elaborate internal support systems, measurement processes and information management. To some degree, this is the area at Evergreen where we want to reflect the culture of a bureaucracy – an area we must depend on for entirely reliable support; a “safe” area where no uncertainties can arise.

The Technostructure and the Support Staff must be fleshed out with details and definite long-term plans. We are in a position to plan our strategies (to some extent) in these areas and we must take advantage of this opportunity and invest in this group as it is important for Evergreen to establish certain efficiencies, to develop more sophisticated internal analysis tools, and to ensure greater stabilization of our performance measurement processes. According to Mintzberg, this also includes the standardization of work process and planning. At Evergreen, this requires much more attention as we try to ensure a certain level of predictability for the partners we work with. On a similar level the staff

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who deliver programs are in need of base level planning support and the standardization of this process is important, even if it compromises the essence of our Adhocracy in some way.

Like many not-for-profit organizations, we have had a difficult time finding the resources to properly invest in Technostructure and Support Staff. For a variety of reasons it is critical that these areas become core strategic investments for all staff and Board members. Computer communications, financial systems and integrated information systems will better facilitate sharing of information and collaboration across the organization. A mature Adhocracy will only thrive if it can offer efficiencies through the elaborate technological systems that offer all staff access to the information that informs their work – a safe zone in the otherwise complex and dynamic environment.

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## **A Network of Innovation and Support**

Life within an Adhocracy can be tremendously confusing and frustrating for the staff – for all staff. As mentioned earlier, the ambiguity can make even the most independently minded leaders at Evergreen want more clarity. Burns and Stalker have written that “In these situations, all managers some of the time and many managers all of the time, yearn for more definition and structure” (1966, 122–23). There is a distinct need to find a balance between the state of ambiguity that makes an Adhocracy what it is and the need for staff to be able to retreat to a “safe zone” once in a while – for a rest.

Inherent inefficiency and ambiguity can be a very tiring thing for many employees. Confusion as to who is in charge, who is driving the agenda and who is going to make the final decision can elevate internal conflict to a destructive level. But as Mintzberg notes (1993, 278), “Conflict and aggressiveness are necessary elements in the Adhocracy”; management’s job is to channel the conflict in a manner that effectively serves the mission of the organization in as efficient a manner as possible. To support the thinking around the challenges of accountability we have crafted an Accountability Chart to serve as a map for staff when issues emerge that require clarity and single-point accountability (see Figure 7).

With its narrow spans of control (because of the complexity of the tasks) and enormous amounts of time spent in meetings, communicating, negotiating and generally discussing ideas and options, the Adhocracy requires structures that express accountability and reporting relationships. This may be somewhat outside the scope of the free-form, project-based innovative organization; but the sense of security offered by accountability charts can lessen certain stresses when ambiguity is most pronounced.

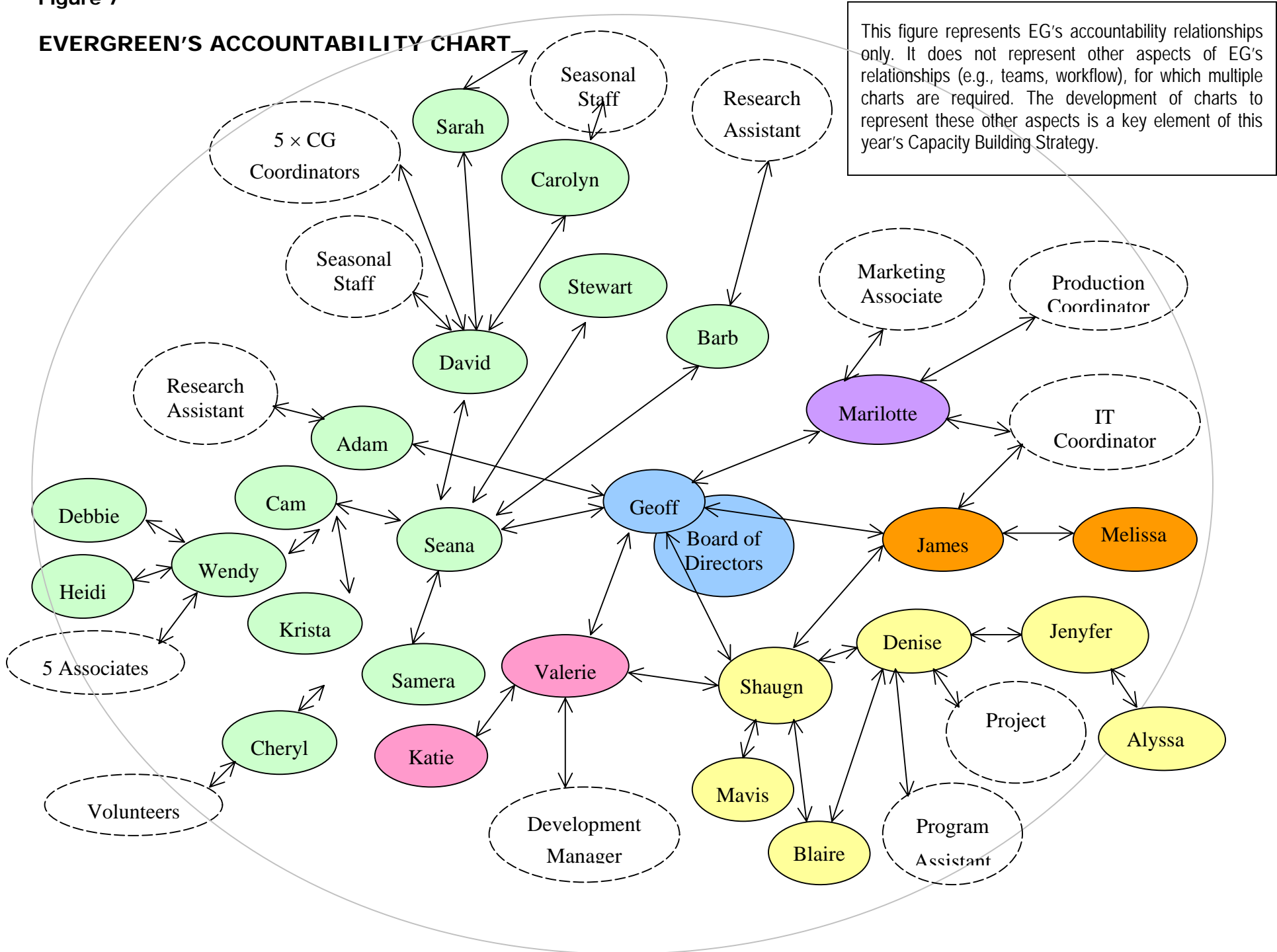
On a similar note, one of the most challenging problems associated with the Adhocracy is the inefficiency associated with the above-mentioned meetings and negotiations. The collaborative group process can involve staff in endless meetings, where decisions are extended in every direction. At Evergreen this has not been so great a problem in our most recent phase of organization – possibly because we are evolving from a more bureaucratic form back to our roots as an Adhocracy, and we have not yet engaged the

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complexity of full group process. However, it is also true that we have established a level of trust internally that allows individuals to explore with greater freedom than they were allowed before. Once again the evolution of both a Matrix Organizational Chart and a Network Accountability Chart have helped to add structure where it may not otherwise exist. These charts should help to lessen the challenges associated with our inherent ambiguity and complexity.

Figure 7

### EVERGREEN'S ACCOUNTABILITY CHART



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## **Managing Change: Our Past, Our Future**

Evergreen became a going concern through a series of successive, incremental steps that began to demonstrate a strategic orientation toward alliance building and partnerships as a way of getting things done. Collaboration and innovation have defined Evergreen for over twelve years; and for all intents and purposes it looks as if these competencies have been integrated into our organizational culture as core values and strategic style.

Our culture at Evergreen today is directly linked to past experiences – and our future is being built from this base. We must nurture these collaborative strengths and design them into Evergreen’s organizational structure as effectively as possible. We must also consider the link between our success and certain things that we have done right. We have managed our staffing issues well. The high level of trust established among Evergreen staff has encouraged them to challenge each other and adjust roles to suit the tasks as needed along the way. Our culture of strategic collaboration has resulted in more effective growth than might otherwise have been possible.

We must find ways beyond our charts to hold people together at Evergreen. As people are encouraged to innovate and elaborate plans with only modest strategic supervision, we must ensure that we are all pointed in the same direction. Some of the best ways to support this could be through stories of past success and present opportunities. Seeing and visioning must be a continuous process at Evergreen. Looking back may help us look forward. Great leadership, as Howard Gardner (1995) has pointed out, requires great stories, which communicate our mission and so enable people to think and act in concert. It may help to ensure that our innovative Adhocracy is shaped by the successes of our past and the visions we share for the future.

“Organizational change needs to look more like an inspired movement than a neatly packaged or engineered product,” writes Sally Goerner (1999, 15). We have recently learned that planning every element of Evergreen’s future with Operating Plans, Strategic Plans and Program Plans is almost impossible. The alternative could begin with the development of a set of “minimum specifications” (Morgan 1997) in the form of values

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and visions to help guide our complex future. These “minspecs” would then direct us towards more coordinated decision making.

It seems to me that a truly effective organization needs to have a variety of “cultures,” a variety of charts and a variety of ways of making things happen. In order to really work, some parts of Evergreen should manage their affairs as Machine Bureaucracies (finance, IT, workflow systems, etc.) and others areas must be more like adhocracies. The overarching culture of Adhocracy should not preclude the design of highly refined systems in areas where clarity can be attained, where ambiguity can be minimized. We must plan and detail the work that can be planned and detailed but we must leave room for change and unpredictable surprises. We must balance the need for simplicity and complexity at different times and in different situations.

The underlying critical success factors (e.g., good internal working relationships, trust, effective communication, collaborative thinking, a diversity of approaches, openness to change) are the foundation for our future success. We must celebrate the diversity we have and nurture new skills, approaches and ideas. Individual and group analysis with a focus on thinking styles, decision making styles and group dynamics could begin to generate the self-awareness we will need to establish a coordinated work environment. Plotting our individual approaches on our organizational chart may be a small way to help us understand who we are and how we can effectively collaborate in the future.

As I have recently learned, there is no “right” answer. There is no “ideal” way of doing things. The context is much more important than any sort of predefined notion of structure. It always depends. It depends on what type of organization you want; it depends on your environment; it depends on the type of people involved; and it depends on the history of the organization. In the end, many charts, organigraphs and pictures will help illustrate what is important: the relationships between us.

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