Analysis of the case oticon using the brain metaphor essay sample

1. INTRODUCTION

The implicit images or metaphors of organizations and management have been discussed by Gareth Morgan in his book " Images of Organizations" (Morgan, 1997). Morgan exposed eight metaphorical images of organizations including machine, organism, brain, culture, political system, psychic prison, flux and transformation, and instrument of domination. Each one of these metaphors creates insight, but also obscures some corners. They have both pros and cons. They enable seeing, but also not seeing. No one of them is said to be correct and right.

2. BACKGROUND

Oticon is a Danish company, located in Copenhagen. They used to be one of the best in market for global hearing aid industry. The evolution and advancement of the other competitors, such as Siemens Audiologische Technik and Starkey, put Oticon in a critical slippery position in the market, especially the global one, where Oticon export the majority of its products to. To rectify the situation, the board brought in Lars Kolind, who had great history of science-oriented solutions despite his youngness (30 years old). Kolind analyzed the strengths and weaknesses of Oticon and compared it with the competitors. He found out that no strengths Oticon had to compete with. On the other hand, Kolind found out that the rigidity, inflexibility and low responsiveness the competitors had could be a killing drawback in comparing with Oticon. Therefore, he decided to set a new plan to turn the organization into learning responsive organization. He sought improving this advantage to capture larger market share, especially globally, and gain higher profit margins. In this report, the case is analyzed using the brain

metaphor. In other words, it discusses what we could see and reflect when projecting the plane Kolind set and applied on the other principles and approaches of the brain metaphor.

3. THEORY

Brain metaphor organization works with the same logic as the brain of human being. The top management in organizations plays the role of brain for making decisions. There are three theories of the brain metaphor including information processing systems, cybernetics, and holograph. The first theory describes organizations as information systems, communication systems, and decisions making systems. This this theory is known as " decision making approach" (March & Simon, 1958). Cybernetics is relevant to study of systems. Cybernetics stresses four key principles. Systems must have the capacity to sense, monitor and scan significant aspects of their "environment. They must be able to relate this information to the operating norms that guide system behavior. They must be able to detect significant deviations from these norms. Finally, they must be able to initiate corrective actions when discrepancies (Wiener, 1967). Another theory considered in this report is recalling the image of organizations as holographic brains.

The metaphor of a hologram invokes systems where qualities of the whole are built into all the parts so that the system has an ability to self-organize and regenerate itself on continuous basis (Bentov, 1977). This theory compasses five major principles, (Morgan & Ramirez, 1984). The first principle represents the essential one, which building the whole in all the parts is its main concern. According to the principle, focusing on four key practices, including corporate culture, information system, structure and

roles, facilitates incorporating it. The second principle rests in the importance of redundancy, especially in information system and functions (Emery, 1969, 1976). The third principle could be seen as supplementary to redundancy. It compasses requisite variety, since the reality of environmental challenges imposes setting complexities somewhere within the organization to survive (Ashby, 1952, 1960). Minimizing specs is the fourth principle, where teams are encouraged to get free of blueprints and managerial manuals and generate their own forms (Herbst, 1974). The last considered principle rests in learning to learn, which involves doubleloop learning mode and scan of environmental change (Argyris & Schön, 1978). The five principles could draw concrete guidelines of how to turn into holographic organization.

4. ANALYSIS

4. 1. Oticon as Information Processing Brains (Decision Making Theory) As Oticon experienced serious financial situation, Kolind reaction was quick. Firstly, after conducting a thorough study of Oticon, Kolind found out many concerns in the organization structure. There was also a high level of non-value adding activities, where R&D engineers used only one quarter of their time doing real work, while wasting the other 75% in something else. Theoretically, the company has integrated product development department, while Kolind realized that they are not integrated at all. To solve this problem, based on " decision making approach", Kolind introduced a new way of thinking about the function of organizations. This theory is built on the idea that organizations can never be perfectly rational, because its members have limited information processing abilities.

That was represented by the frequent delays of product development. Project E36 is relevant example since it took a decade without achieving promising results. The main reason is that each member from different department, involved in such projects, relied on other members for "decision making. To solve this problem, Kolind thought that nothing could resolve this but blowing the company's structure up and rebuild it again with new principles. It rests in getting all employees involved in more than one function at the time. For example, beside engineers duties in the research filed, they should do marketing as well. It is clear that, for Kolind, departments would be an obstacle in the development process. Thus, he turned the structure of the company into projects instead.

4. 2. Oticon as a Learning Organization (Cybernetics)

Projecting cybernetics principles on the case, Kolind employed the first principle to observe the surrounding environment, by analyzing competitors' potentials, and trying to find their strengths and weaknesses. He found out that no strengths Oticon had to compete with. On the other hand, Kolind found out that the rigidity, inflexibility and low responsiveness the competitors had could be a killing drawback in comparing with Oticon. Therefore, he decided to exploit this advantage by increasing the ability of Oticon to self-organize, develop itself, and adapt outer changes. Kolind obliged the management team to accept the reality of the new leadership style gradually. When the company lost money in the first three quarter due the transformation, board members brought in Neils Jacobsen, who had a strong financial background, to work side-by-side with Kolind for financial

matters. That reflects the ability to initiate corrective actions when discrepancies show up.

4. 3. Oticon as a Holographic Organization

The case reflects some basic aspects of holographic organization that comprises five main principles. These principles represent also corresponding brain mechanisms and techniques. The first principle of holographic organization is building the whole in all parts. It is the essence of holographic organizations. Building the whole into all parts could be realized by focusing on corporate culture, information system, structure, and roles. The four practices are projectable on the case. The corporate culture according to the brain metaphor should be open and in line with its principles and practices. That could be opposite to the aristocratic corporate culture Oticon characterized by before entering Kolind. The shareholders' main concern was retrieving Oticon's position in the marker, but along with preserving its corporate values and culture. A while after evaluating the real situation of the company, Kolind found no way to proceed without radical changes. The board showed him powerful support for his new proposal, which reflects a gradual change in corporate culture.

Kolind would have never stepped forward without such support that kept even the management away from complaining him, despite their steady reluctance for the new proposal. Moreover, what "could be seen as a significant change in corporate culture is the way Kolind resorted to for financing the new plan. He asked the bank to acquire 17% of the company, and some of his colleagues to acquire 3-4%. He also offered the employees shares at a good price under criterion that they had worked to the company

at least one year, 20 hours weekly. That reflects a significant change in corporate culture from aristocratic mode to public mode. The second practice is networked intelligence. Kolind conducted computer trainings for the employees. He sought minimizing use of paper communication, and increasing dependency on e-mail and oral communication instead. He enhanced employee involvement by offering them their own computers at very low prices before Christmas. The holographic structure is another relevant concern. It rests in defining optimum sizes of units or teams in which they afterwards spawn clusters horizontally instead of expanding vertically.

For Oticon, Kolind blew up the departmental structure and rebuilt a new structure. There were 100 projects, every project was owned by somebody on the management team. But ownership there was like being chairman of the board. The job of project owner was to support and open doors, while the project manager ran the show. That reflects the change Oticon undertook from compartmentalization toward a new structure of projects. The diversity of roles assigned to employees is also a practice. Kolind gave us a great example in how to generate such diversity so that to add advantages without side effects. He suggested spaghetti organization, where employees are multi-skilled and involved in many different projects, performing different roles. That contributed powerfully in getting free from departmentalization, and improved the flexibility and learnability of the organization.

Kolind conducted diverse trainings, and reformed the authorities of team management so that all employees are more free and open to learn and innovate. The second principle of holographic organization is the redundancy

of both information processing and skills. This could be found in the case implicitly when Kolind asked everybody to find their tags on their new desks and computers. He asked them to change their places in case they do not like them, as there were many additional empty places. Another example is when Kolind specified rooms with simple equipment for those who need to have temporary privacy betweenwhiles. The redundancy of function philosophy was also built on individual profiles, since every employee had been trained to have a bunch of skills that would have been fully utilized afterwards. The need for variety requisite principle is collateral with redundancy. This is very clear in the case if project E36 is to be focused on. The project had been launched before 1979. It was a BTE, Behind the Ear, expensive to produce, but with very powerful advantage. It had been "always looked at as a burden.

But Kolind found out that this product could be a market winner because of its automatic adjustment feature. He gave it much more attention than other projects to win the challenge. Moreover, the board brought in Jacobson to work side-by-side with Kolind when the profitability endured troubles at the beginning. The variety requisite is therefore built on the company as required to respond environmental challenges. Minimizing specs is another holographic principle. Oticon's new style of leadership reflects a significant change in the management role. They monitored the performance, but were not directly responsible for it. Thus, the accountability was horizontally distributed, and project members became much freer for determining their work frames. Generally, the story of Oticon reflects the tendency of the company toward learning organizations. The adopted double-loop learning

mode allowed the company to accept radical changes, such as becoming a public corporation. Such changes indicate the sense of doubleloop learning philosophy the company turned to adopt. That total change could be presented as practices, tactics and principles required to turn Oticon into a holographic organization.

5. CONCLUSIONS

Oticon had been functioning as a programmed machine. It has experienced radical changes after bringing in Lars Kolind as a CEO. Kolind invoked the theories of the brain metaphor to turn Oticon into learning organization. There are set of principles and approaches associated with the brain metaphor, and have been adopted by Oticon to successfully proceed toward learning organization style. They brought strengths and few limitations. The strengths rest in employing everybody's brain to confront the challenges. The company could identify its requirements to evolve and learn in comprehensive way. Kolind identified the requirements and pathologies of Oticon, and set the required strategies and principles to fulfill each requirement and resolve relevant dilemmas.

He has utilized the advantage of new information technology in behalf of internal communication, which facilitated smooth flow and accelerated the evolution and learning process. Kolind showed how diffused leadership could be more efficient than centralized one. He undermined the departmental mind-set and blueprint-thinking that Oticon used to follow in order that various individuals and units are able to reflect their work forms within open cultures. On the other hand, the main concern Kolind experienced is managers' continuous reluctance to the change along the project period,

since they would lose much of their control domains and privileges they enjoyed when the classical (mechanical) style was on.

6. REFERENCES

Argyris, C. and Schon, D. A. (1996). Organizational Learning II: Theory, Method and Practice. Reading, MA: Addison Wesley. Ashby, W. R. (1952). Design for a Brain. New York: John Wiley. Ashby, W. R. (1960). An Introduction to Cybernetics. London: Chapman & Hall. Bentov, I. (1977). Stalking the Wild Pendulum. New York: Dutton. Emery, F. E. (1969) Systems Thinking. Harmondsworth: Penguin. Emery, F. E. (1976). Future We Are In. Leiden: Martinus Nijhoff. Herbst, P. G. (1974). Socio-technical Design. London: Tavistock. March, J. G. and H. A. Simon. (1958). Organizations. New York: John Wiley. Morgan. G. (2006). Image of organization. Schulich School of business, Toronto. Morgan, G. and Ramirez, R. (1984). Action Learning: A Holographic Metaphor for Guiding Social Change. Human Relations. (37), p1-28. Wiener, N. (1967) The human use of human beings. Boston: Houghton Mifflin.