

Organization life cycle model

Life



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The organization life cycle model is a key component of the overall organizational growth. The model considers that every organization, irrespective of the size or type, undergoes a series of predictable and hierarchical stages. Organizational Life Cycle (OLC) is an important yardstick to assess the working status of the business, mainly because of the premise and prescription (Encyclopedia, 2002). The OLC model premise suggests that the opportunities, requirements and threats, both internally and externally, depend on the present state of the organization.

The prescription, however, suggests that strategies, decisions and the goals of the organization must be relevant to the stage in order to maintain balance between the dynamic environment and the organization. The organization structure and the management policies must change with the changing phase of the organization. The OLC perspective reveals the structural working of the organization by mapping the current situation to the established stages of the life cycle.

Such mapping of the stages empowers the management to be cognizant about the current position, helping them to design strategies pertinent for the organization while in that phase. The OLC model is particularly helpful in explaining certain things about the organization. One such, otherwise unacceptable, belief is that no stage of the life cycle is superior to the other and that only death is permanent (Lee, 1996). Another fact that the OLC model unveils about the organizations is that a highly cohesive and highly effective team is a transitory state in the dynamic environment.

The Organizational Life Cycle model helps the management to understand that the changes that take place in an organization follow a predictable

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pattern that can be characterized by the development stages. Owing to the conceptual and hypothetical nature of the model, the OLC does not provide for the agility that the businesses may require at times dealing with extreme changes in demand patterns. The life cycle model is unable to predict the sudden changes in demand patterns that may occur due to macroeconomic issues. The organization has to be responsive to the change.

Even though a company may be in a mature state, a recession or lack of credit may dampen the demand for its products and services. The organization will have to become lean, cut costs and, increase production efficiencies so that its products and services are competitively placed in the market. The organization may revert back to the growth phase to combat the negative market situations. Some analysts have delineated ten different stages of the organizational life cycle, while some others have flattened it down to as few as three stages.

However, most models define four to five stages as the ideal constituents of any standard life cycle. These stages can be encapsulated as start-up or birth stage, when the organization is born anew. This stage is followed by the second phase, which is the growth stage. The growth stage, also known as the adolescent stage, is characterized by development in production and workforce with increased sale and revenues. The third stage is called as Maturity stage and is peak of growth and the start of inevitable downfall.

This stage is followed by the decline or the decay phase, when the mission has already been accomplished and the organization no longer has the sensitivity towards the changing needs. The boredom of the predictable roles sets in the phase of decay. The death and the revival phase, often counted

as one, form the last stage of the organizational life cycle and mark the failure, disintegration and the reengineering process of the organization. The Organization Life Cycle model also reveals the act of balancing that the organizations are always going through.

The different stages can be characterized by the varying types of interactions of the internal elements amongst themselves and with the factors of the external environment. As Lee suggests, there is a constant balancing act going on between the various elements of the organizations. For example, during the birth stage the team members exhibit very low levels of cohesiveness and effectiveness and the energy is concentrated on the sensitivity to the outside world. The next stage of the OLC model exhibits high levels of synergy within the internal elements and the energies devoted to handling external priorities.

For most of the stages of the OLC, except the growth phase, the organizational energies are devoted to survival rather than striving for excellence. However, no amount of efforts can stop the change of the organization into a different form. So, an organization may not die but must keep evolving into different forms as per the need of the markets that it operates. Renewal phase emerges as the mild manifestation of death, where the organizations succumb to adaptive learning to avoid death (Dettmer, n. d.).

An organizational death is different from organic death because organizations reinvent themselves and manage to carry on in a different form. The OLC model describes organizations' various stages in terms of metaphors. It describes the different phases of the life cycle of an <https://assignbuster.com/organization-life-cycle-model/>

organization in organic terms such as birth, growth, maturity and death. At the same time, it also describes organizations as machines which work in an identical pattern as long as it is made to do so and starts working in a different manner to produce a different set of goods and services, when its configuration is altered.

An organization deals with moods and emotions of its workforce much like an organism would do, but falls upon policies and strategies to control the workforce just as a machine would do to produce goods as per the parameters set in it. In that respect, an organization may just be described as a socio-technical entity which is programmed to consistently produce the same level of quality and yet behave like a sensitive organism which takes care of all its parts and deals with the human emotions.

The OLC model allows us to plan for the future strategy of the organization so that preventive measures can be taken to delay the death of the organization and ensure that the organization evolves into a relevant entity before the ever changing business environment renders it irrelevant.

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