ORGANIZATION EFFECTIVENESS

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Abstract.—Forest industry is constantly confronted with issues that relate to organization design. Companies should be aware of the factors that affect organization design. Key current issues discussed are participative versus autocratic structure, the changing role of organized labor, the balancing of long- and short-term goals, the degree of integration of forestry into the total business system, and how to make forestry research more effective. Crown Zellerbach is faced with many of these issues and insights to settling them are offered.

INTRODUCTION

It is a real pleasure for me to be with you and to share some of my thoughts—Crown Zellerbach's thoughts—regarding organization effectiveness.

I will concentrate on trying to raise your consciousness about some of the key issues of the day as I see them, which have implications for forestry organization in a large industrial forestry company. How these issues affect the type of organization structure, the ways in which we group ourselves to accomplish the tasks which we have ahead. Therefore, I will define organization effectiveness to mean:

The degree to which the interactions and relationships between people lead to accomplishment of the business purpose.

Interactions are important because it is people who get things done in an organization; the structure either facilitates or impedes the accomplishment of those goals. Show me a personality conflict in your organization, and more than likely, there is an ineffective organizational issue which contributes to the problem.

Organization Design

First, I would like to briefly review some choices in the design of an organization:

Centralization versus Decentralization
Span of Management
Use of Task Forces
Functional, Geographic or Product Line

Centralization versus decentralization is the structural design question of "at what level in the organization do you make particular types of

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decisions?" For this purpose, it includes the related question of how many levels do you have in the organization. Span of management, on the other hand, refers to the number of persons which a supervisor or manager can effectively supervise. As we will see later, the optimum number can vary greatly, depending on a number of factors. Use of task forces or committees will be discussed, be it intended to be permanent, or ad hoc. Functional, Geographic or Product Line refers to the issue of the basic approach to organizational groupings at a particular level or levels. Three of the basic groupings which can be used are: by function, by geographic area, or by product line. This review of design choices is intended to better prepare you to be sensitive to what the choices might be when there are organizational issues.

Factors Affecting Organization Design

In addition, before discussing design issues, I would like to briefly review the factors which affect organization design. They are:

- Business Purpose
- Skills of People
- Type of Work
- External Environment
- Philosophy of Life
- Complexity of Organization

In order to design or change an organization structure, it is important to know the primary business purpose, that is, the objective or goals of the organization. Is the primary purpose to support a pulp mill? Is it the highest short-term cash flow to a group of investors? Is it the long-term stewardship of a public trust, or some combination of these? Knowing the business purpose is critical to determine the organization structure, the types of positions, and how they are grouped and related to one another.

Before discussing issues, I would also like to briefly describe some of the factors which affect organization design.

The structure must reflect the skills of the people and type of work involved. It is practical for one supervisor to lead, perhaps, 10-20 persons doing the same type work who are well trained at what they are doing, but perhaps only 4 or 5 managers in different functional areas, for example.

Another factor is the external environment. Managing a forest near a large urban area may require different skills with different organization emphasis than a large, remote forest.

Our philosophy of life, or set of beliefs, either as a business or as an individual leader, will influence organization relationships. If we have a trusting relationship with employees who are aware of our business goals and with whom we are open and consistent, less supervision and controls are needed than would be needed in a more autocratic environment.

Another factor is the complexity of the total organization. Later, we will discuss what some of these relationships are, which I believe will
clarify for you their significance in a structure. Basically, the more complex the relationships, the more difficult to develop an effective organization.

CURRENT ISSUES IN FORESTRY ORGANIZATION

With this backdrop, now I would like to get to the real purpose of my talk. What are some current issues which specifically affect organization in forestry? What issues should be considered in designing organizations? These are some of the issues which I see at work in our company. The issues are participative or autocratic, changing role of organized labor, balancing long-term/short-term, the degree of integration of forestry into the total system, and how to make forestry research more effective.

Participative versus Autocratic

We, in our company, along with many others in our industry, are in the midst of a significant change in our philosophy relative to employees and their degree of participation and involvement in the management and decision making process. This philosophical change basically affects the way we organize. We and others are moving to a more participative style involving people. This requires greater knowledge on the part of employees, better two-way communication, and more trust and openness. It affects organization because, in time, it reduces the amount of supervision required to achieve a given purpose. It encourages ad hoc task forces, sometimes beyond departmental boundaries, to address particular problems or opportunities. Hence, the task forces may be either a small homogeneous group or multi-disciplinary.

This approach is not really new, as we have had safety committees and task forces for a long time. What is new is the broader range of subjects involving all aspects of the business. The challenge is how to implement this change and what organizational changes are appropriate.

Organized Labor

A second issue, which is related to the first, is the matter of confrontation versus cooperation with organized employees. It may or may not be an issue for some of you. Many of our employees are members of organized labor unions. For many years, it was certainly the philosophy of both management and union leadership that the principal relationship between these two units was to decide how to divide the pie. The union leadership was dedicated to getting as big a part as they could for the employees, and management was trying to counter these demands to what they considered reasonable and appropriate, and ones that they could live with, with little consideration of the competitive environment, particularly abroad.

Today, we are moving in the direction of cooperation with organized employees and unions to decide if there is a pie and just how big it is. All parties are much more aware of the competitive environment and what can be
achieved by cooperation instead of competition. When one moves from confrontation to cooperation, it requires trust, communication, and involvement. This means that many decisions should not be made without involving all of the affected parties. Union leadership and all employees need to be considered and involved in the process of change. Changing managers' ways of doing things may be more difficult than changing employees' behavior.

In our company, this is an involving task. It takes time to build communications, to build trust, and to reduce the barriers. Many managers resist it - many union leaders resist it - many employees are uncomfortable with it, but it is ongoing, and it is our belief. It is the only way we can achieve true competitive advantage, not only in the South, but, more importantly, throughout the world. Organizationally, we are not sure what the end result will be, but it will be different, probably involving less direct supervision and more task groups to solve specific problems.

Long-Term versus Short-Term

A continuing struggle is the issue of short-term versus long-term considerations. For many of us who work for large organizations, be it government or private industry, there are pressures to meet short-term targets such as cost or profit goals. In any event, the short-term interests of our constituents, be they the particular political hot button of the moment or the earnings expectations of the investors, are not necessarily consistent with the objectives of a crop that takes 20 to 35 years to reach economic maturity.

The real issue which affects organizational effectiveness is how to balance in terms of structure or focus the short-term needs and the true economic-biological cycle of our trees. An effective way, as we see it at Crown Zellerbach, is to separate the responsibility for short-term tasks such as harvesting, fiber allocation, and wood procurement from the longer term, high level stewardship tasks. Essentially, we functionally divide these tasks for our southern forests, which consist of 1,100,000 acres in Mississippi and Louisiana. Although there are obviously some overlapping functions and responsibilities, it has been our experience that this is the best way to keep proper focus on the longer-term stewardship responsibilities.

I know that many of us handle this organizationally in a different manner; I'm not really prepared to discuss the pros and cons of each different approach, but to share with you that this is clearly a significant issue in organizational effectiveness for all forestry operations.

Degree of Integration

Another issue concerns the relationship of forestry to other constituents, both within and outside of the company, university or government body. I will concentrate on the company organization. There are a variety of different functions or organizations which are related to our forestry role, many of which are "customers" of the forests: Land Sales, Trades and Purchases, Multiple Use, Wood and Fibre Procurement, Wood Products Plants, Pulp Mills, Treasury, Accounting, Tax Functions, Land Administration, Forestry
Research, and Human Resources. The integration of all of these tasks or functions to be organizationally effective is a difficult and continuously changing issue because priorities and goals change.

I'm sure that in your experience, you have found that the quality of communications and mutual decision making or joint focus has varied from non-existent to very good; and yet, for the total organization to be successful, these related functions must be working in a consistent way to approach mutual goals. We do not purport to have all the answers. I do know that we are truly dedicated at Crown Zellerbach to integration of the whole team to improve organizational effectiveness. However, the manner in which it is accomplished will be a continuing issue. Certainly, focusing time and effort through multi-disciplinary task forces is part of the answer. So is breaking down the barriers of narrow functional departments or fiefdoms into true teams.

Forestry Research

The last issue I will comment on today is the ongoing issue of our desire to bring forestry research knowledge to application in the forests; or, in other words, how to transfer technology from the scientists and research foresters to the field forester. The key word is transfer.

Early in my career with Crown Zellerbach I had administrative responsibility for about 50 applied scientists and technicians in the paper packaging organization of the company. Our observations at technical meetings indicated that we probably had, at that time, the most highly learned and skilled technical experts in a number of fields related to paper packaging. That research organization no longer exists. Not because we didn't know the technology, but because we couldn't get it applied in the field. We did not have the communications skills, the mutual goals, and the organizational structure to facilitate utilization of our first class technology. The potential users did not see the need or were focused on other unrelated goals.

Organization effectiveness is dependent on universal commitment to common goals within the whole organization. The structure must be designed so that innovations can be easily brought forward for acceptance, innovations which are appropriate for the overall business purpose of the organization. Applied research professionals must know the business strategy so that they can focus on technology which will be utilized. There are also related organization issues within forestry research which can influence the degree of alignment with field operations. These include: Is the research effort national or regional in scope? Is the program centralized or decentralized? Are assignments by function or by geographic area?

SUMMARY

Those are the key issues which come to mind that I wanted to share with you. They are: What is your business philosophy and do you have the proper organizational structure to be more effective with that philosophy?
Our philosophy has changed to a more participative, sharing goal, with an ongoing change in structure. Is your relationship changing with your organized employees, and if so, does that indicate the need for structural changes? Does your organizational structure encourage focusing on both short-term and long-term objectives, or are you constantly in a state of conflict and turmoil on this issue? Does your organization integrate all of the related activities and tie in to the customers or constituents so that all are working toward overall goals, or does it have unreconciled differences? And, finally, have you found the way to bring technology to the forest? Organization effectiveness through proper structure is not the only issue or factor which will determine whether you can answer yes to those questions, but it sure is an important part.

I appreciate the opportunity to discuss these issues with you and to describe some of the thinking in Crown Zellerbach's Southern Timber and Wood Products operations. Hopefully, these thoughts will help you to become more aware of the ever-changing environment that we live in, the changing goals and philosophy of management, all of which results in the need for managers to be continuously aware of organizational issues.