THE RE-CREATING CORPORATION

A Design of Organizations for the 21st Century

RUSSELL L. ACKOFF
Re-creating the Corporation: A Design of Organizations for the 21st Century, Russell Lincoln Ackoff, Oxford University Press, 1999, 0195123875, 9780195123876, 336 pages. Over the last three decades the average life expectancy of a corporation in North America has dipped well below 20 years. In fact, by 1983 a full third of the 1970 Fortune 500 companies had been acquired, merged, or broken apart. In this landmark book, one of the business world's foremost pioneers, Russell L. Ackoff, delivers this indispensable guide for those hoping to beat these odds--and to better navigate the corporate challenges of the next millennium. While most business and management schools continue to teach the functions of a corporation separately--production, marketing, finance, personnel--the reality is that for a corporation to endure each division must work with the others to create an effective system. Re-Creating the Corporation is Ackoff's masterful blueprint for understanding and creating these model corporate systems. In four comprehensive sections--Background, Process, Designs, and Change--Ackoff lays out in clear concise prose the five organizational goals of successful corporate systems: plan effectively, learn and adapt rapidly, democratize, introduce internal market economies, and employ a flexible structure that will minimize the need for future restructuring. And through a deft mix of practical and theoretical examples drawn from a wide range of applications in a wide range of firms, this book ultimately guides executives to the system best suited to meet their organizational goals. Re-Creating the Corporation, which is the culmination of a lifetime of innovative and insightful business thought from one of the business world's premier thinkers, is essential reading for those attempting to navigate the rapidly changing economic environment of the next millennium.

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The Art of Problem Solving Accompanied by Ackoff's Fables, Russell L. Ackoff, Mar 20, 1987, Business & Economics, 232 pages. Examines the problem solving process, discusses objectives, variables, and causal relationships, and shows how a variety of actual problems were resolved.

Creating the Corporate Future Plan Or be Planned For, Russell Lincoln Askoff, Apr 27, 1981, Business & Economics, 297 pages. Outlines ideas and methods by which managers can prepare for future corporate developments, offering advice on problems, opportunities, objectives, resources, and planning.

Managing and Organizations An Introduction to Theory and Practice, Stewart Clegg, Martin Kornberger, Tyrone Pitsis, 2005, Business & Economics, 562 pages. Managing and Organizations is a comprehensive, engaging, and accessible textbook that brings the most recent theoretical developments to bear on management practice, while...

Systems Thinking Managing Chaos and Complexity : a Platform for Designing Business Architecture, Jamshid Gharajedaghi, 2006, Business & Economics, 333 pages. The first edition of Systems Thinking was the first book to develop a working concept of systems theory and to deal operationally with systems methodology. The author has been...

Idealized Design How to Dissolve Tomorrow's Crisis...today, Russell Lincoln Ackoff, Herbert J. Addison, 2006, 285 pages. Don't settle for incremental change: invent tomorrow today! bull; Discover your 'ideal' solution: then, work backwards to make it happen! bull; The definitive guide to...

Transportation for livable cities , Vukan R. Vuchic, 1999, Political Science, 352 pages. The era of projects aimed at maximizing vehicular travel is being replaced by the broader goal of achieving livable cities: economically efficient, socially sound, and...

Gods of Management The Changing Work of Organizations, Charles B. Handy, 1996, Business & Economics, 254 pages. What would the world of business be like if it were run by the Greek gods of yore? Would Apollo be the right man at the helm of Acme Widget? What sweeping changes would
Understanding the outcomes of megaprojects a quantitative analysis of very large civilian projects, Edward W. Merrow, Lorraine McDonnell, R. YD”Ã‡lmaz ArgD”Ñ”den, Mar 1, 1988, Business & Economics, 87 pages. This report analyzes the costs, problems, and operations of megaprojects (projects requiring huge physical and financial resources) by examining 52 civilian projects ranging in ....

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Managing the training enterprise high-quality, cost-effective employee training in organizations, Manuel London, Oct 11, 1989, Business & Economics, 341 pages. Explains how corporations can enhance training quality, cut overhead costs, and improve their overall performance standards by developing training professionals within an ....

Ackoff's best his classic writings on management, Russell Lincoln Ackoff, Feb 16, 1999, Business & Economics, 356 pages. This prolific management author, consultant and teacher now has his most enduring pieces collected into one volume for the general business reader and student. Ackoff became ....

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"A very straightforward book based on systems thinking, an approach that views the corporation as
an organic whole swimming in its environment rather than as a conglomerate of disparate departments and functions." "With clarity and style, Ackoff has drawn a very simple map for the implementation of systems thinking in the corporation."--Stacy Hague, CIO

Russell L. Ackoff is currently Chairman of Interact, an institute dedicated to education, consulting, and research, and Professor Emeritus of the Wharton School, University of Pennsylvania. Considered one of the most innovative and insightful management thinkers of the 20th century, he is also the author of the acclaimed The Democratic Corporation: A Radical Prescription for Recreating Corporate America and Rediscovering Success, published by Oxford University Press in 1994.

Since Peter Senge eloquently introduced business readers to the importance of systems thinking in The Fifth Discipline, companies have been grappling with how to apply that aspect of the learning organization. In Re-Creating the Corporation, Russell Ackoff has written the most complete description of how such an organization can be created.

A system is any grouping of parts that is influenced by its parts and requires their coordination to create the best result. A car is an example. You can take the best transmission from one type of car, the best engine from another, and the best brakes from a third, and they will not work together. This is a typical quality of systems: If you optimize any part of the system, you reduce the effectiveness of the whole. But most organizations are set up to seek optimization of the part rather than the system, creating disasters like the car example I just used.

Although he makes only limited reference to it, Professor Ackoff is clearly influenced by complexity science. He has created fractals (small versions of the whole that scale up and down) in his organization, and is trying to expose the widest number of people to the widest possible perspectives on the systems issues of an organization.

The book is designed as a series of essays to explain what systems are and how they operate; processes for planning, design, implementation and learning; organizational designs that apply the concepts of democracy, economy and flexibility; and an overview of the weaknesses of management fads and panaceas, and the benefits of working on organizational and transformational leadership instead. His goal is to create an organization that is as stable as possible in order to create an organization that is as flexible as possible. Let me explain. He wants to avoid reorganizations of roles and jobs, but he wants the organization as a system to evolve rapidly and easily in serving stakeholders.

I found the concepts to be quite consistent with the realities of a wired world, by putting a structure and a thought process together that will provide a context for gaining benefits from enhanced communication. Basically, the structure relies on creating a three dimensional organization -- one that relies on input (functional) units like purchasing, finance, and legal that are primarily used internally, output (product or service creating) units such as the manufacturing activities, and market or user defined (customer or geography) units. Most organizations emphasize one of these three dimensions or the other. By keeping them in place in a balanced way, the idea is to avoid needing to make adjustments to create or abolish any of these types of units. While I agree with the concept of keeping the organization as stable as possible, I found the proposals here to be a pretty ponderous way to accomplish that end. I suspect that simpler versions of this concept could work almost as well in coordinating systems thinking, and might work much more rapidly. For a newer, smaller organization, the structure would be overly complicated.

My own idea is that companies should move beyond organizational design and problem-solving structures as their focus to concentrate instead on creating an overriding mission, vision, strategy, tactics, and means of implementation (with employees and stakeholders who are energized by this direction) that are all-encompassing in perspective and in providing direction, and perpetual in appropriateness. Then, by focusing on the key points of potential progress, the organization should constantly make large improvements in its business model that are more adaptable to the changing business environment. I think this concept of the organization that I have just described is easier to
understand and apply once it is formulated in an organization than the ideas described here from Re-Creating the Corporation.

Even though I disagree with the proposed solutions in this very interesting book, I gave the book five stars for raising most of the right questions. We learn more from good questions than from the first sets of proposed solutions, and I hope that others will take these questions seriously and pursue them as well.

After you have read this book, ask yourself where in your organization you are pursuing optimization of an area or a part of the organization's activities. When will that optimization be harmful? How can you prevent that harm? What means of coordination could create a better combined result for your organization?

"This book is a product of applying systems thinking to the management and organization of enterprises". Russel L. Ackoff writes, "therefore, an understanding of the nature of systems and systems thinking is essential for understanding what this book is about. Although most people can identify many different systems, few know precisely what a system is. Without such knowledge, one cannot understand them, and without such an understanding, one cannot be aware of their implications for their management and organization and for treatment of the most important problems that currently face them" (p.5).

Hence, Ackoff summarizes his argument that a system is a whole that cannot be divided into independent parts without loss of its essential properties or functions, and additionally argues that when the performances of the parts of a system, considered separately, are improved, the performance of the whole may not be (and usually is not) improved.

* discusses the multidimensional design and organization that eliminates the need to restructure when internal or external changes require adaptation, and argues that "the circular organization, the internal market economy, and multidimensional design can all be combined in one organization. The power of each is significantly enhanced by its interactions with the others".

* examines currently popular panaceas such as downsizing, TQM, continuous improvement, benchmarking, and process reengineering and the reasons they fail, and argues that "there are no simple solutions to complex problems. Furthermore, since problems are interdependent, their solutions should be. Interdependent problems constitute messes, systems of problems. Therefore, their solutions must also form a system. A system of solutions is a plan, and plans are complicated, not simple. It is not possible in a few minutes to find behavior that will resolve, solve, or dissolve a set of problems that took years to cultivate".

Recreating the Corporation is Ackoff's best work on utilizing the use of systems thinking to understand how to make not only pieces of companies better, but how optimizing the entire company can lead to dramatic improvements. Those who know Ackoff's work will appreciate his freshening of material contained elsewhere and the addition of new concepts to make the framework wholistic.
Russell Lincoln Ackoff (12 February 1919 – 29 October 2009) was an American organizational theorist, consultant, and Anheuser-Busch Professor Emeritus of Management Science at the Wharton School, University of Pennsylvania. Ackoff was a pioneer in the field of operations research, systems thinking and management science.

Russell L. Ackoff was born in 1919 in Philadelphia to Jack and Fannie (Weitz) Ackoff.[1] He received his bachelor degree in architecture at the University of Pennsylvania in 1941. After graduation, he taught at Penn for one year as an assistant instructor in philosophy. From 1942 to 1946, he served in the U.S. Army. He returned to study at the University of Pennsylvania, where he received his doctorate in philosophy of science in 1947 as C. West Churchman’s first doctoral student.[2] He also received a number of honorary doctorates, from 1967 and onward.

From 1947 to 1951 Ackoff was assistant professor in philosophy and mathematics at the Wayne State University. He was associate professor and professor of operations research at Case Institute of Technology from 1951 to 1964. In 1961 and 1962 he was also visiting professor of operational research at the University of Birmingham. From 1964 to 1986 he was professor of systems sciences and professor of management science at the Wharton School at the University of Pennsylvania.

Nicholson and Myers (1998) report that, in the 1970s and 1980s, the Social Systems Sciences Program at the Wharton School was "noted for combining theory and practice, escaping disciplinary bounds, and driving students toward independent thought and action. The learning environment was fostered by distinguished standing and visiting faculty such as Eric Trist, C. West Churchman, Hasan Ozbekhan, Thomas A. Cowan, and Fred Emery".[3]

Beginning in 1979, Ackoff worked together with John Pourdehnad as consultants in a broad range of industries including aerospace, chemicals, computer equipment, data services and software, electronics, energy, food and beverages, healthcare, hospitality, industrial equipment, automotive, insurance, metals, mining, pharmaceuticals, telecommunications, utilities, and transportation.

Ackoff was awarded an honorary Doctor of Science at the University of Lancaster, UK in 1967. He got a Silver Medal from the Operational Research Society in 1971. Other honors came from the Washington University in St. Louis in 1993, the University of New Haven in 1997, the Pontificia Universidad Catholica Del Peru, Lima in 1999 and the University of Lincolnshire & Humberside, UK in 1999. That year from the UK Systems Society he got an Award for outstanding achievement in Systems Thinking and Practice.

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