

Organisation - a reflection of the product? ¹

A company will provide a product all the better, the more clearly the contradictions of the product are reflected in the organisational structure.

by Dr Bernhard Pesendorfer

Summary in six propositions

1. Customers expect a company to satisfy a requirement of theirs, which they
2. may not even be able to describe with any accuracy themselves. We do not always know what we actually want. Usually, however, our purchasing behaviour is characterised by a rather thick bundle of conscious or unconscious motives (examples from motive research: car, smoking, insurance).
3. Quite frequently, these many motives conceal a particular contradiction which we expect a product or service to solve.
4. Our hypothesis is this: a company will provide a product all the better, the more clearly the contradictions of the product are reflected in the organisational structure.
5. These contradictions occur as necessary conflicts (between departments) in a company and constitute the driving force for development (in contrast to accidents, which are avoided whenever possible).
6. The sooner the customer's contradictions (as regards requirements and the product) and the contradictions with competitors (and their different attempts at solutions) are present in the company, the more easily they can be mastered on the market.

We have made this surprising discovery along two different paths. I would like to illustrate this by way of an example:

An age-old conflict - for a new reason

We had to advise an insurance company because the field service refused to accept a new "electronic route control system". Headquarters had always regarded the field service's mileage figures with suspicion. Thus they used a computer and a regional grid according to postal codes to design ideal routes, which would only have had to be supplemented by the data concerning prospective or existing customers.

¹ published in: "Verkauf und Marketing" (CH) 7-8/1984. S.9-1

The response was immense and went as far as a threat to take industrial action. The representatives felt that their existence - or at least their independence, which was sacred to them - was under threat. Evidently, a sensitive point had been touched, which roused an age-old and always painful line of conflict. (Many sales organisations will be familiar with this.)

A deep divide

There was a deep divide in the company between field service and office staff, which was reflected in the opinion they held of each other.

In the eyes of the office staff, the *field service* consisted of a bunch of vociferous boasters of moderate seriousness who blasted out promises that no one expected to be able to keep, idlers who went sunbathing during office hours and cruised around the country in oversize cars - and who, who knows, were closer to customers than to the company... high treason pure and simple.

In the eyes of the field service, the *office staff* was teeming with office types fixated on legal matters and computers, inflexible, envious, indeed harmful to business because they regarded every tenth risk as too bad and every claim as too high. The nickname was even actually mentioned: pests. Even we, who were relatively hardened by years of in-depth interviews, were alarmed by that.

To put it bluntly: they would have dearly liked to abolish each other. And any suggestion made by one side was correspondingly "kindly" received by the other.

In next to no time, it was found that in the wake of the route control system, the next thing that was lying in ambush was a policy that could be taken out at the till or by mail, which might eventually make a field service of salespersons redundant. The field service people, however, considered themselves the true insurers, for customers were insured "with Pocock" and not with any anonymous bureaucracy behind a glass-and-concrete temple in the big wicked city where no one knew any longer what security requirements customers had.

Necessity or accident?

Now, is this conflict necessary or an accident? Both sides exclusively thought of it as an accident best resolved with the partner in conflict. And who was right?

We were called in to arbitrate - an endeavour we regarded as impossible since both parties would have joined forces to attack us at the drop of a hat. We went a step further and advised them to let the product and the market arbitrate. The decision was made to conduct a comprehensive motive study according to our method of multidimensional method of research into causes. The result of this was odd: the end user market said that both parties were right. How was that supposed to work out?

The market as an arbitrator, and the perfidy of the product

To begin with, an example from another industry. An automobile association faces the question as to how it should respond to the compulsory wearing of seat-belts or a reduction of the motorway speed limit to 100km/hr. The obvious solution is to retain a market researcher to ask the public whose interest the association has to represent what they want. The result is embarrassing: the answers to the questions are balanced out at about 50:50, and the results of the survey are virtually useless. How come? Traditional market research, which takes its bearings from the quantification methods of the natural sciences, had used control questions to eliminate any contradictory statements according to the motto: if there are two contradictory statements, at least one of them is false. This logical freedom from contradictions may apply to the logic of *things*, but in the psychological logic of emotions, it

misses the point by a wide margin. Almost all the interviewees were for 100km/hr in one question, and against in another.

For this reason, an increase in the number of the sample made no difference, either, and the association were again at a loss as to what decision to make - until we drew their attention to the fact that the nucleus of the question was precisely behind the contradictions, for one and the same person may well be both for the speed limit (as a citizen who wants to protect himself against noise, exhaust fumes and danger) and *against* the speed limit (as a driver who wants to enjoy his freedom smartly and speedily, to be faster on that racecourse called road, to be the stronger and more potent in the automotive tournament...). And since today, a higher number of cars (on the roads, in the cities) translates into a lower efficiency of cars (tailbacks, congestion), a decrease in one scale of car use (smaller dimensions, speed limits, etc.) again translates into an increase in another scale of car use (individual mobility, etc.).

The new product: mastering the contradiction

What, then, do the members of the association expect? They expect the association to set itself the objective of mastering this contradiction, which affects everyone both in terms of the community as a whole and in individual details. If the association is exclusively in favour of the car, then it becomes a one-sided representative of the automotive industry rather than of its motorist members, if it is not in favour of it, then members will ask themselves what the point of it all is. But now back to our own example.

The contradiction in the product "insurance"

Of course, I cannot describe the whole extent of motive research that was done into insurance. For our purposes, the following will suffice:

The suspicion that the conflicts between headquarters and field service had something to do with the product and with customers was confirmed in no uncertain terms. My colleague G. Schwarz, Vienna, in cooperation with whom I conducted this study, formulates this as follows: "Satisfying the customer's 'true' motives is impossible because even they are contradictory in themselves. Why do people take out an insurance policy? Because they feel insecure and hope to feel more secure with an insurance policy. Fear of damage or loss makes them insecure. If we can take this fear away from them, they will feel secure again. The customer's motive is reflected in the everyday way of putting it: "I'm insured against fire." If we look at this motive in more detail, a high percentage of policy holders have the often unconscious idea that by taking out a policy, the occurrence of the accident will have been precluded. Many people regard an insurance policy as a kind of accident prevention charm."*

No one is capable of insuring anyone *against* fire, floods, accidents, etc. Yet that is precisely what the insurers do. "Now nothing can happen any longer," says the representative once the policy has been signed. This links back to an age-old behaviour pattern, which has always been used to invoke the mercy of the gods and the natural powers: a sacrifice - today the premium, from the Latin *præ-emium* = what one takes or receives by prior right, a quarry.

Sacrificer versus actuary

What has been promised in accordance with the motives inherent in the purchaser's wishes is the prevention of future damage or loss. To what extent can the insurance company keep this promise? It can only provide financial compensation once the damage has been done. But by that time, the

* Gerhard Schwarz, "Organisationsentwicklung praktisch", in *Zs. Gruppendynamik*, XII (1981) 4, pp. 299-308.

customer already feels betrayed because the damage has been done in the first place. Which means that the insurance company is full of con-men.

And thus the strange situation arises whereby the individual insurance representative (*my agent*) has a good image, but insurance companies as a whole a disastrous one.

The field service promises damage prevention and thus organises my self-deception according to which there is actual security. The office staff make their calculations according to rational laws and mathematical/business-administrative risk equalisation.

Consequences

Thus it had become clear that both sides had merely taken on the organisational administration of a motive share that was in contradiction with the other side, which is why they could only be right vis-à-vis customers as long as they were together.

The result for the further development of the organisation was that this conflict, irritating though it had been until then, would have to be cultivated and nursed as a necessary conflict. This gave rise to the main task of developing a culture of conflict, which persuaded people of the necessity of this fruitful tension and saved them from projecting all the hatred they could muster onto their antagonists. It was also essential in this process that the conflict should not only erupt in the board of directors but should be carried out right down to the decentralised cells and remain present there.

In this way, all those involved were vividly interested in further product development, which guaranteed the permanent continuation of internal and external market research through the company's employees themselves - with the greatest success.

To conclude: the instruments

1. Structural analysis of the company

If a company tackles fundamental innovations, it must expect old scores to be settled on that occasion. I regard this as an opportunity, for the "objectively" best solution will be wrong if it is not accepted by those concerned. Achieving this acceptance, however, will require great efforts. In such cases, we therefore study the current situation (with in-depth interviews averaging two hours' length) and, at the same time, the wishes expressed by the management and the employees concerned. A comparison of these three subjective views in an extended management circle will then open the discussion, which should lead to a common view of the present situation and of the further steps to be taken.

2. Motive study according to our method of a multidimensional research into causes

- a) A company wants to know what its product actually means for its customers (although the market researcher's filing cabinet is often almost bursting with paper). Thus Volkswagen asked us the question: "What emotional and political value does the car have in 1983?"
- b) We commissioned a number of researchers from the various disciplines (psychoanalysis, history of culture, history of religion, social history, contemporary history, ideologies, biology, sociology and finally also business administration and economics) to provide expert opinions on the subject.
- c) The true source and the empirical material, however, are the opinions held by customers or people concerned, which we want to record in open analytical discussions often lasting for hours, not only with a view to the product in question but in respect of the whole value which the issue in

hand - e.g. security or mobility - has in their lives. For this reason, we record these discussions on tape and transcribe them verbatim in order to derive the categories from them according to which we then structure the material as a whole. This interdisciplinary approach forces us to look at the interview statements from new angles, and to examine them again and again. On this basis, we then develop hypotheses, which in turn are systematically represented in a research report.

d) Assistance during the implementation phase.

3. Product and organisation development

This is the most difficult part, but also the stage where previous costs begin to pay off. Many people shy away from these efforts, for the findings in the field of the product entail a vast amount of organisational measures in the short, medium and long term. Here, too, it has been shown that an early involvement of the people concerned in the research and interpretation process will significantly improve results and also greatly facilitate implementation.

The consultant's greatest delight thereafter is to see how his process detaches itself from him completely and begins to take on a life of its own. What bigger success than to have helped establish a self-learning system?

The consultant can then turn to other areas of life with great enthusiasm - the motive dimensions of smoking, of interior design or, by way of a very recent example, personal computers - continuously learning from, along with, and for his investigations.

THE DIFFERENCE BETWEEN BANKS AND INSURANCE COMPANIES FROM THE POINT OF VIEW OF CUSTOMER MOTIVES

	<i>The bank</i>	<i>The (life) insurance company</i>
Risk	Loss of credit	Loss/age/death
Service	Life goes on because... ... the bank makes available money for the future organisation of life, e.g. flats, houses, investments. It uses its money to build things.	Life goes on although... ... the insurance company makes compensations for losses suffered in an accident. It maintains flats, houses and living standards on the existing level, as if the accident had never happened.
Activities	The bank makes profits and distributes them among egomaniacal agents in the economy. Banks deal offensively with people's offensive acts (hope-inspired future-orientedness).	The insurance company alleviates suffering caused by losses of which it is not guilty. Insurance companies deal defensively with people's defensive fear (fear- and worry-inspired future orientedness).
Functions	Sovereign guardian of (state and currency) standards; organiser of capital (or capitalism); big customers: global player; small customers: the small man's asset manager; provider of financial services (trend towards full service).	Sacrificer (warning prophet) prior to the loss, and hired briber of fate; loss haggler after the event, and saving angel; agent of "eternal life", retained angel of death; paid, economically egotistic agent of the common public good, security.
...for customers	The bank turns customers into debtors; I take on debts.	The insurance company helps me pay off my debts toward my children, etc. - by paying off this debt I expiate the guilt of being mortal.
...for the future	Both banks and insurance companies seek to make an uncertain future more secure.	
...make a contribution towards immortality	Banks enable people to create life, children and work by lending debts (= ability to behave responsibly) in the first place (borrowed responsibility , i.e. a promise = credit to be redeemed by real life).	Insurance companies help to maintain life, children and work in the face of one's own and, generally, people's finiteness and mortality through the sacrifice of the premium (pre-caution); (advanced, surplus, saved responsibility , deposited for the "dead cert" case of my helplessness = irresponsibility in order to have more and more power, e.g. continue to feed my children, etc.
Desires	The thoughtlessness of the quickly satisfied desire (consumption) - to be paid back later...	Envisaging possible future misery, to be paid for now (without instant compensation).
Perspective	An appetite for the future: an extension of my scope of action for more life - now.	Worries about the future: self-restriction in the face of the earnestness of existence and of possible misfortunes - tomorrow.
Motive:	I want to become more and create the external sphere of freedom (property, house) for my social body (family, children, etc.).	I want to continue to live in the external sphere of freedom despite worries, illness, age and death, I want to have no debts and leave this world "worthy of happiness".