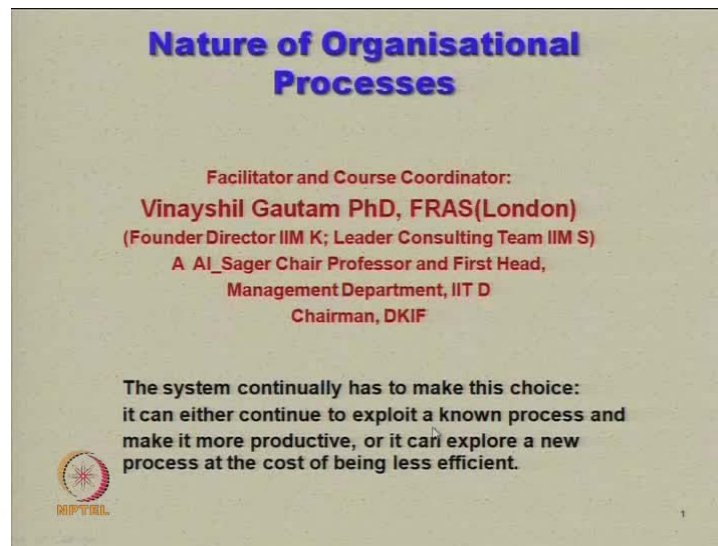


**Organization Management**  
**Prof. Vinayshil Gautam**  
**Department of Management Studies**  
**Indian Institute of Technology, Delhi**

**Lecture No. # 27**  
**Nature of Organizational Process**

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As we emerge from about two-thirds of the course content, one overpowering impression which must be clear to all of you is that organization management has at the heart of it issues of task, design, structure, processes; it is one of those areas, which is unique and exclusive to management and it is not a migration from some of the other disciplines.

For example, if you do shop floor analysis, a lot of it is an extrapolation of what you do in manufacturing management, or if you do an attitudinal survey, a lot of it is an extrapolation of psychology, but over the decades, as management matured it developed its own areas, which are unique to management and amongst them would be organization management, marketing, advertising; they have not been borrowed from any other discipline or adapted from it. Therefore, it is important to understand the nature of the subject matter and that is always an issue on any discussion which has to do with organization management. No organization structure can function unless the processes

are in position; processes move the organization, just as a structure gives shape to the organization; they cause the flow and what keeps an organization going is the information flow; of course, there are other flows and if you do not know the subject matter, you are always inclined to look upon your own functional specialization as the key specialization, whereas it need not be so.

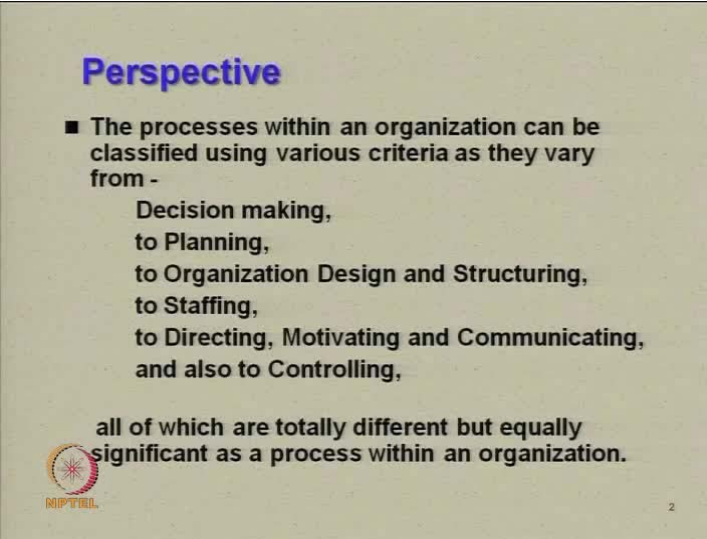
So, we are going to spend time looking at the nature of organizational processes and I wish you to understand that the system continuously has to make this choice. What is this choice? It can either continue to exploit a known process and make it more productive or it can explore a new process at the cost of being less efficient. It is like finding your way in a city from one point to another. The principle is very simple, when in a hurry, take the known path, then you do not get lost, but on the other hand, if you explore the unknown, you may find that you have cut short your time by two-thirds. So, the core of entrepreneuring is risk taking. In fact, the character of entrepreneurship is risk taking for profit maximization, but those of you who are interested in finance will recognize that risk management has become an increasingly larger proportion of financial investment.

So, if continuous improvement is the order of the day and you cannot survive without continuous improvement, then innovation is the heart of the matter. If innovation is the heart of the matter, you have to take risks to be creative. However, if I say cost of being is less efficient, it does not mean that it will be less efficient, but there is a possibility of its being less efficient. This is not a perfect formulation because if you do the logical derivation of this formulation, then it follows that you should not look for change. Now, I am coming into explain it is not my formulation, it is a formulation which has been handed over a period of time and I do believe that any process of learning first requires the process of unlearning. You cannot move unless you agree to get up from your chair and change your seat. If you insist on occupying the same seat and the security of a known place to sit, then forget about movement.

Presumably, I am talking to people who believe that improvement is the order of the day and change is inherent. Therefore, you have to see the fallacy of this statement; it says either it can continue to exploit a known process or explore a new process at the cost of being less sufficient. Therefore, it would follow that in terms of  $2 + 2 = 4$ , if you explore a new process, you are bound to become less efficient; but that is not what it

means; it does not say you are bound to become less efficient. So, listening to this statement and looking at the statement, you must understand you are dealing with live processes and they are the heart of any organization.


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**Perspective**

- The processes within an organization can be classified using various criteria as they vary from -
  - Decision making,
  - to Planning,
  - to Organization Design and Structuring,
  - to Staffing,
  - to Directing, Motivating and Communicating,
  - and also to Controlling,

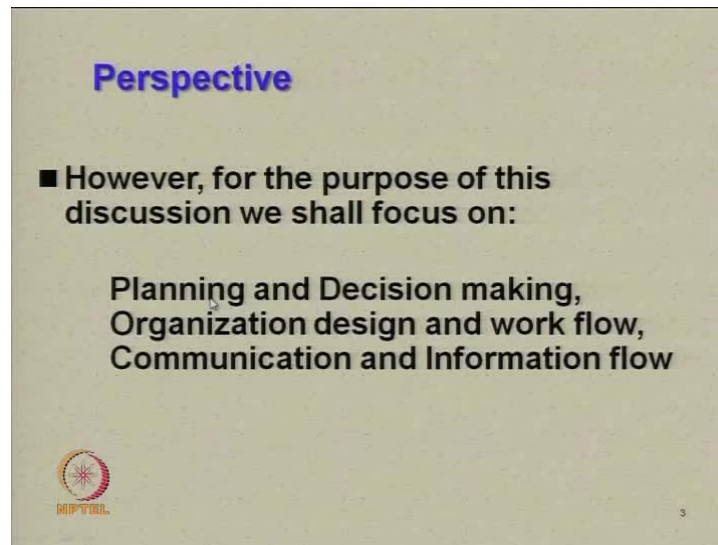
all of which are totally different but equally significant as a process within an organization.

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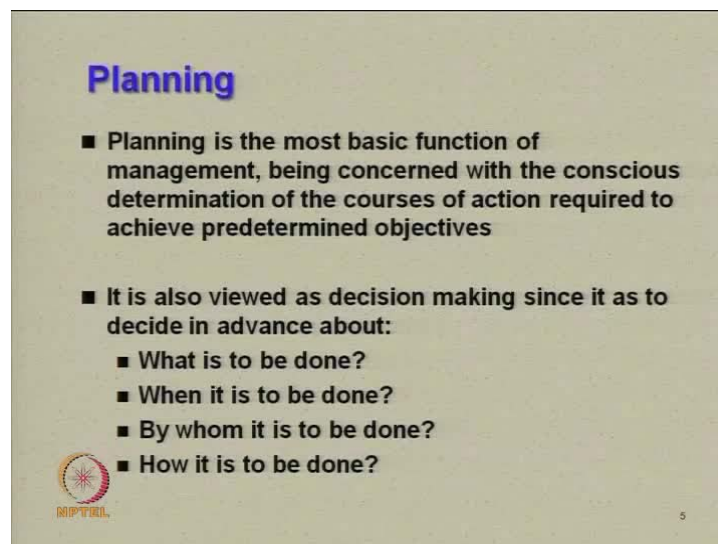
What is the perspective? The processes within an organization can be classified using various criteria as they vary from processes of decision-making, processes of planning, processes of organization design and structuring, processes of staffing, processes of directing, motivating, communicating and also of controlling. Now, each process is a distinct process; the processes through which you exercise the control mechanism, will not be the processes through which you will exercise the design mechanism; it is a completely different ballgame, all of which are totally different, but equally significant as a process within the organization; therefore, there is a whole typology of processes. And I hope as we go through the presentation, you will be able to see how many different types of processes there are, what are their defining characteristics, what are the purposes they serve and how best they can they be used.

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For the purposes of this discussion, we shall focus on: planning and decision-making, organization design and workflow, communication and information flow - obviously not everything can be covered. Now, if everything cannot be covered, the selection has to be exercised with a reference to the overall objectives of the course and that is what I propose to do here.

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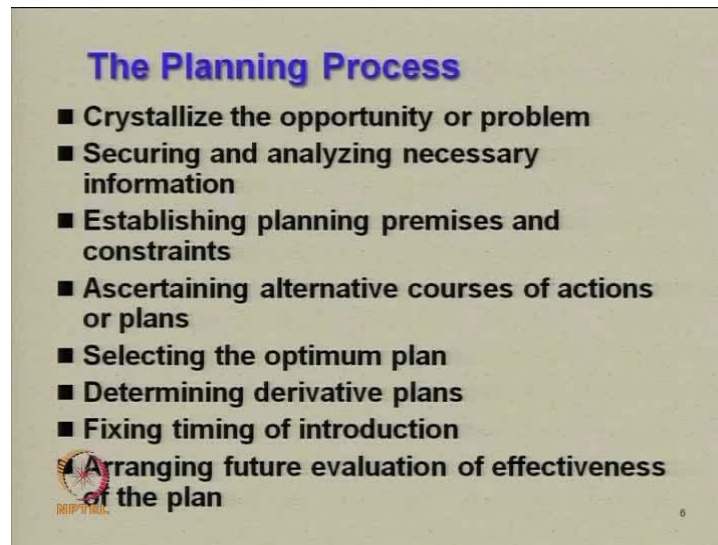
Let us look at planning and decision-making. Planning is the most basic function of management, being concerned with the conscious determination of the courses of action,

required to achieve predetermined objectives. Now, that is put in a definitionally tight format; what it means is - planning is sequencing a course of action from where you are to where you want to be. Planning is like a roadmap and those of you who have been exposed to computerized automobiles, would know that you can put it all on a computer, and if you do not know the destination, you program that destination, and the computer tells you very mechanically, 200 meters turn to the right, 10 meters turn to the left; it is all programmed. In other words, somebody has walked that route and determined a sequence of actions; that is planning being taken to its logical conclusion, but before you do that, you will have to ask yourself - do you have the resources, to undertake that route? For example, is your car in a working order? Do you have enough petrol? And I can talk of a whole host of resources. Therefore, planning is not necessarily a very detailed activity, it may be. So, there is a process of planning and I intend to spend some time discussing with you the processes of planning.

It is also viewed as decision-making, since it is to decide in advance about what is to be done - that is the plan; when it is to be done? By whom it is to be done? How it is to be done? Now, let us understand these four questions in a management format. What is to be done - is the objective and from the objectives, you get the content. When it is to be done - is the sequencing, it is the timing. By whom it is to be done - is the process of staffing, which in human resource terms is called the processes of manpower allocation. How many people in what department, in what division, in what skills; not only that in what order? The issues of staffing come under by whom it is to be done and how it is to be done.

We go back to our the favorite duo of capability; how it is to be done will be determined by capability or put very simple - competency, which is why in organization mapping, competency mapping is a very important tool. If you do not have a competency map of the people, who are with you, then how do you position them, unless you have the inventory of the skills available to you and you know which individuals has what? How do you decide by whom it is to be done? Not only that, more often than not, this person will have to be given the prerogative of deciding when it is to be done; preprogramming can be done only up to a point.

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The planning process, therefore, deals with crystallizing the opportunity or a problem. The word ‘problem’ in management, means very different from the word problem in everyday language; the word problem in management is used in the sense of a proposition; not to be confused with preposition. A proposition, it is a statement and no matter what is the situation, management seeks to improve that situation. In other words, state the problem means, state the situation and then irrespective of what it is, you look for interventions to improve that proposition.

Securing and analyzing the necessary information. No decision-making can take place without adequate information and yet the reality of decision-making is when a decision is to be taken. The decision is to be taken with a speed, which usually does not give you the chance to gather all the relevant information.

A thief has entered your house and then you say, Mister thief, could you just wait while I look at my computer and figure the configuration of the room design and let me get the information on who is awake, who is asleep, then I will decide what is the best way of intercepting you, because I went a MBA class and my teacher taught me no action can be undertaken without proper data and I will convert that data into information, you just wait for a moment, will you? It does not work that way; it is here that planning gets into the act; you must have a plan to meet a contingency and you must be drilled enough in the decision-making process for that to take place as a reflex action.

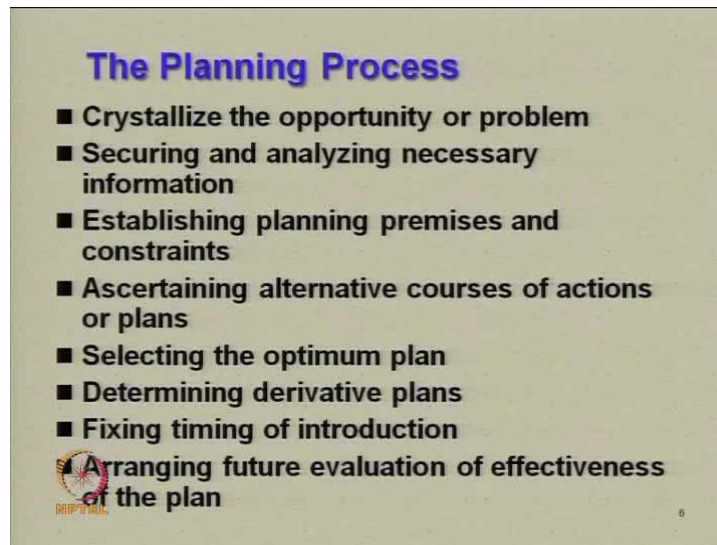
Clearly, you have no time for asking for information; you have no time for calling for a meeting; you have no time to switch on the computer; you have no time to start survey. Action requires prior preparation for all types of situation; more often than not, it also requires proper record. Which is why of the attributes in management, recall and ability to analyze with speed, is an important capability; unless you do that, you will find that you are a poor decision maker. And since the entire purpose of this course, is help you to be a better decision-maker, I am trying to help you to understand, whereas securing and analyzing necessary information is a critical step; it cannot be wished away, it must be done in advance. You must be drilled into the standing operating procedure to work on it quickly; the processes there get collapsed, you do not start expanding the processes to cover all the steps, which you have learnt in your class.

Establishing, planning premises and constraints. All planning is under constraints, life itself is under constraints, all action is under constraints. Which is why the better managers do not talk of constraints, because constraints there will always be. If you are dependent upon your parents and you start dating, then the constraint is if your activity is not with their approval, your sources or funds may dry up; very practical problem and no matter how much you huff and puff it is my life, good, get your own capital, get your own house, move. A lot of confusion takes place because people play fast and loose.

In communities, which some like to imitate, the teenagers starts earning at the age of 13-14; he is not dependent upon his parents till the age of 23, to buy a motorbike - daddy, I want a motorbike; he goes and earns it. Now, this running with the hare and hunting with the hound is totally unavoidable phenomena; if you want that kind of freedom, you must earn it.

In other words, constraints are inherent in every situation and then when you start earning, you find that the time for him or her has automatically reduced. Because nobody gives you money and free packets, reservation or no reservation, money will always have to be earned. So, how do the processes emerge? The processes emerge out of constraints and any thinking man begins with first understanding his constraints. Now, the damsel does not step out of her house, unless you produce a German car - I would not name the brand, you have nothing other than your grandfather's vintage ambassador, tough luck; taste is a constraint.

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Then, of course, you can write all your poems, there is no problem with that - how wonderful I am and how great I am and how devoted I am and there you are, you want to BMW. She wants a BMW because she knows that at the end of the day, you will turn sour, but the BMW will stay green. Now, if you think I am joking - yes, I am joking, but I cannot be joking to entertain you. There is a serious proposition behind, what is the proposition? The values determine the constraints; values are not just ethical propositions, values are your entire persona. There are a lot of people who are comfortable sleeping on the pavement, there are people who cannot sleep unless they get into a king size bed, turn on the AC, turn on the fan, and pull 2 quilts on top of them. Now, what kind of a taste is that you look around and you will find that it is a pretty common taste. Now, you ask them to sleep on the pavement, they have a problem. So, values creates constraints; everything is a constraint and an asset.

An innovative person converts the constraint into an asset and there is a [FL] like many good sayings in classical languages and this is from Sanskrit [FL]: the planet shall be enjoyed and shall be the surrogate of the brave; the word 'brave' does not mean the capacity to jump off the seventh floor; that is ranked stupidity. Bravery means the capacity to take calculated risks, which if you recall, what I said a little earlier is the heart of innovation. So, if you are innovative, you inherit the earth; you will ultimately notice that all management principles are rooted in some sound life principles. Please try to recall what I said in some sessions, preceding this, you cannot be a good manager



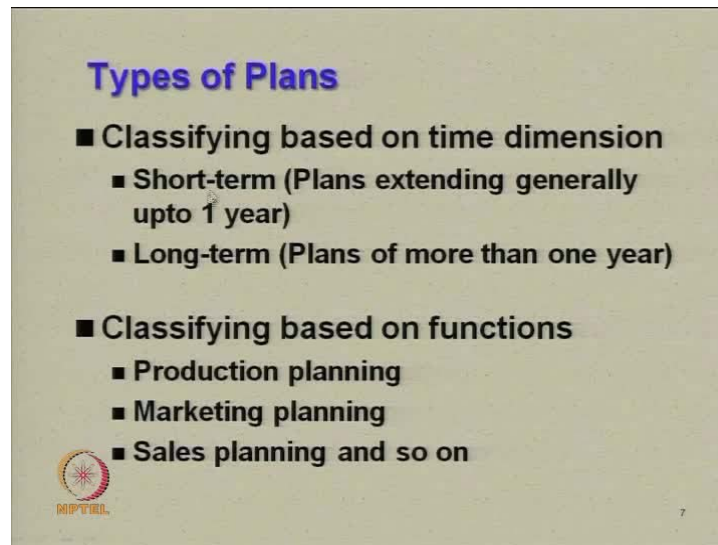
without being a good human being; take that from me and if you think cookery is the way of good management, afterwards your life is welcome to experiment it find out for yourself.

Ascertaining alternative courses of actions or plans; planning leads to generation of options and generation of options, leads to greater effectiveness, that is the logic; the more options you generate, greater are your chances of success, because the more effective will be the route you will take. So, if success has a prerequisite, it is the ability to generate options. The planning process is the best insurance of generating viable options.

Then, you select the optimum plan and please notice the emphasis as I indicate it with this arrow - optimum, not maximum. The concept of maximal is a myth; there is no such thing as maximal; 100 percent is a theoretical impossibility. Ultimately, you have to optimize and then the heart of management is fixing the time of introduction. In other words, there is such a thing as the management of business and management of risks.

Arranging future evaluations of effectiveness of the plan, which plan do you select, which plan has the largest chance of being successful. So that, ultimately, after you have generated options, you must learn to assess and evaluate options to choose appropriately.

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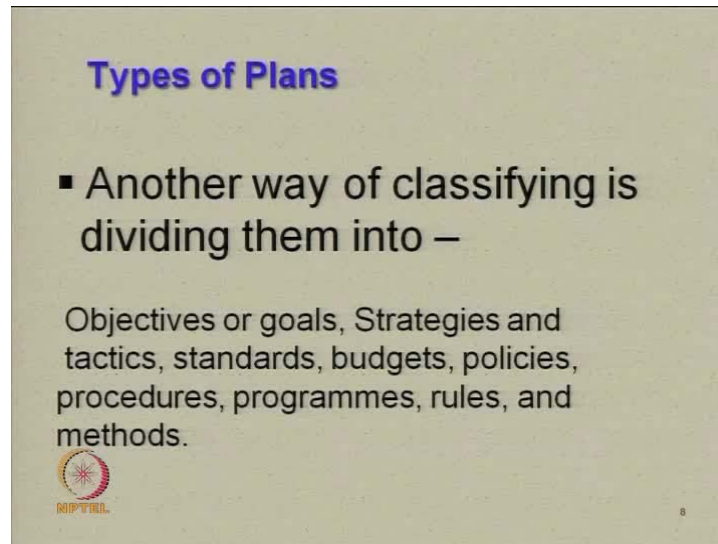


There are different types of plans. Classified based on time dimension: short-term, long-term and wherever there is short-term and there is long-term, there is always the medium-term. So, good engineers used to ask - how long the short-term? No, there was no tape manufactured to measure time, but the fact that a question cannot be answered, has not caused a situation where people would desist from asking it. So, anticipating that, I have already put there extending generally up to a year; now, there is nothing sacrosanct about it.

But talking of FQ(s) or FAQ(s), sir, how long is short-term? 3 and a half inches, my lad. Now, what happens, sir, if the entire cloth is of 5 inches, then 3 and half inches is long term; no, but sir, I thought you were talking of time, now you are talking of measurement. Yes, because the length of a cloth can be measured, time is eternal. Now, a stupid question deserves a stupid answer, which does not prevent people from asking the dumbest of questions. Please realize words like short, medium, long are relative words, which should be answered with reference to the absolute available. If you have only 10 months available, how can 1 year be short term? But the moment somebody asks frequently asked questions, how long a short term? You say 1 year. 1 year, done; the answer is received; now, whether that answer will work or not by which time interaction is over.

In other words, if there is to be a learning, the learning has to be internalized and the learning cannot be internalized, till the spirit of the proposition is understood. So, the spirit of short, medium, long is that in the ultimate analysis, all such words have to do with the ultimate total availability. Classifying is based on functions, production planning, marketing planning, sales planning.

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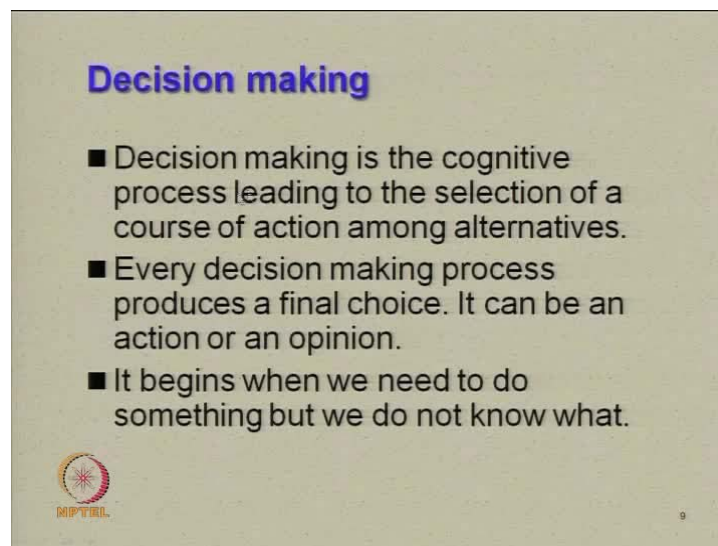


There are different types of plans. Plans can be classified into goals, obviously; strategies and tactics; I have explained all this; therefore, I do not want to walk you through it again, **standards**. Now, I am adding to what I have already told you - budgets, policies, procedures, programs, rules, methods; the list is not over here; the list will continue and for the list to continue, you must work to a higher level of sophistication.

For example, a couple of sessions down the line, I am going to talk to you about mechanization, automation, computerization - these are variables which affect work performance; plans can also be given a typology as per the machine support which they have; I have not talked of it, here. The defining characteristic of management is it is a non-definitive discipline and that is what makes it fascinating. There was a time when people were memorizing. There are three m's: men, material, money; these are the resources; then, they realized these are not the only resources, there are so many other resources. Then, they realized that besides the number of resources going up, their character is changing, there can be tangible resources, there can be intangible resources. I

was once asked - how the resource can be intangible? The way he ran his eyes around, almost seemed to convey to me - look I am so wise and look I am so profound and you are so stupid. Resources are resources only when they are touched, felt and I would have added smelt and tasted, because these are the properties of matter. Till I said, handsome, what about time? The biggest resource is time, that is not a tangible resource. So, you cannot give to management that character of definitiveness, which comes out of dealing with the non-live substances. After you have had a most extensive list of resources, rest assured, there are still more resources to be listed. In fact, the successful man sees far more resources, than he can list.

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The types of plans, then evolve into decision making. Decision making, is the cognitive process leading to the selection of a course of action amongst alternatives and that is decision making. Every decision-making process produces a final choice. It can be an action or an opinion. Now, this is very important to register, in social sciences commentary is an important component. What is a commentary? A commentary is an analysis of the ongoing. In engineering, there is no commentary; there is only a derivation and commentary can only be an opinion. Therefore, every decision-making produces a final choice; it can be an action or an opinion.

Now, those of you, who are not exposed to social sciences, will find it very difficult to understand this; all it means is you have to raise your abilities to understand social

sciences. Because you cannot say, I understand only quantification and I am a super-duper engineer, so you must talk to me only in engineering language; otherwise, I fall asleep. You may fall asleep; it is your prerogative, but then you are losing out on all types of opportunities of growth. Already a decision-making, already an exercise of choice and the smarter one then starts arguing about it - no, actually I was not sleeping, I was thinking with my eyes closed and I was all concentration; clap, clap, clap. Of the many games people play, the most dangerous is autosuggestion, convincing yourself. And human beings have the rare capacity of convincing themselves of anything they want and of course, they begin by believing they are the smartest; that is the first autosuggestion.

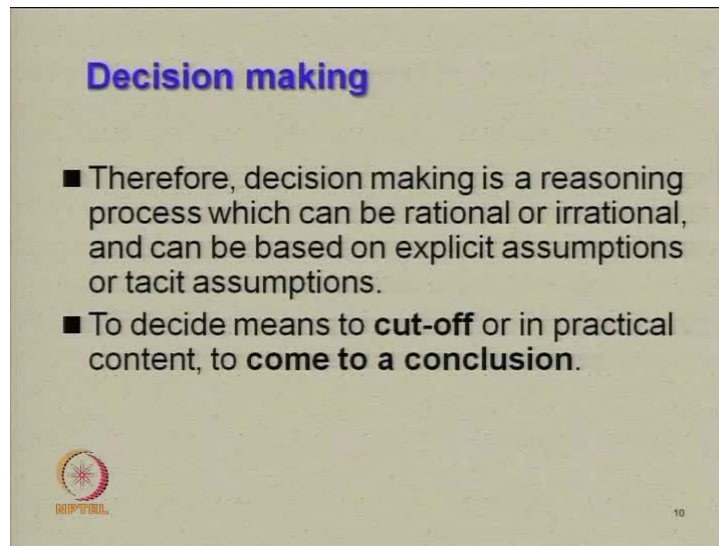
The second autosuggestion is - yeah, I can get away with it, because I am the smartest. The third is not only will I get away with it, but I will make the other person look like a blinking idiot; bravo me, little realizing that the other son of a woman is just as smart as you are. Decision-making with reality contact helps you to see which choices you can operate and which of them you were never meant to operate, because you are pretty dumb, you are nowhere near utilizing that option. Which takes me back to one of my favorite paradigms of management - you cannot be a manager without sound reality contact and without sound self-awareness.

It is not a crime to be dumb, three-fourths of the world is dumb anyhow, but of the three-fourths of the world, not even half of the three-fourths know that they are actually dumb; which is really speaking, the gristmill of humor; the most laughable situation comes out of a person who is really dumb, does not believe, he is dumb. So, you should let him act out his dumbness and enjoy it; this is where entertainment industry is best; you go back to the classical characters of comedy, be it the Laurel and Hardy or be the [FL] this and [FL] that, when a person acts without knowledge of how dumb he is, entertainment is born, because the others have fun at his cost; such people are common everywhere, including the corporate world. The way to manage them is keep telling them that they are absolutely wonderful, because those who are dumb have a tremendous propensity to empower themselves with nuisance value.

So, the basic law of industrial relations and you would not find it in any industrial relations book - pamper the dumb, walk along with him. In other words, your choices will always be person specific. Now, if you want to total it all up as to what I have said

in the last 3 minutes, your choice would be determined by the quality and the type of people you are dealing with. There is no such thing as an absolute reality; it is always the contextual reality, it begins when we need to know something that we do not know, what I have just explained that I see no reason to harm it.

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Decision-making is therefore, a reasoning process which can be rational or irrational, and can be based on explicit assumptions or tacit assumptions. All decision-making has a backward linkage to some assumption - this is something which is not often appreciated. Every decision-making has a backward linkage to some assumption, if nothing more, the data that I have is reliable; it may not be reliable, but you are making an assumption that it is reliable. The person that I am talking to, cannot be trusted; he may be trustworthy, but your assumption is he is not to be trusted. So, all the decision-making will then follow that which takes me to a very any significant take away, if you people can register it.

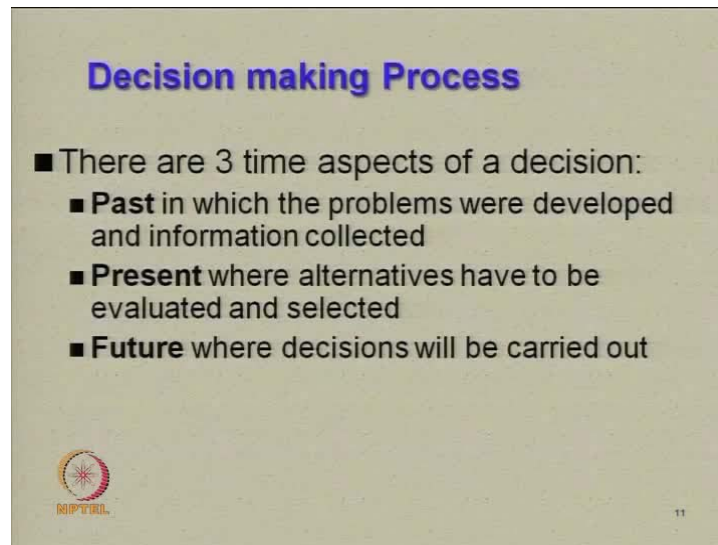
When you have put your foot in a booby-trap where you should not have gone to begin with, do not look at the booby-trap; look at where your assumptions went wrong. A lot of success or failure is determined by the kind of assumptions which drive you, your own assumption about your own intelligence, your own assumption about your financial worth. I was in a cottage emporium and arrived this lad - he was at least 21, 22, I am calling him a lad, because of the way he conducted himself and the way he asked his

questions and took the replies; he had about 300 rupees with him, which he wanted to spend to buy a shawl. So, he asked, show me some shawls. So, this fellow looked at him very carefully and showed some shawls and he asked him, what is the kind of budget you have? So, he said - budget is no constraint, any amount. Obviously, his assumption was if I have 300 rupees, how costly can the shawl be? **Assumption**.

So, after he had taken a look at 1,520; I do not know how many of them, he said - tell me the price of this one; he said 20,000 rupees. You could see his jaws fall and he looked around and he said – no, I was looking for something lower than that; maybe some 1000 rupees. He was not even looking at 1000. He should have really said - I am looking at 300 rupees; he said the lowest shawl, which I have is of 7000 rupees. So, he said I will come back and the salesperson said - good day sir, do comeback whatever you feel like. He had clearly sensed the assumptions of this person and now assumption can be rooted in facts. If you know how much shawls cost, then you do not have 300 rupees and you walk into a cottage emporium and you say show me the shawl, money is no constraint. So, it is in a cyclical relationships, your information kit determines your assumption, your assumptions help you in interpreting the information and through the two iterative processes, a decision is born or an opinion is born.

Therefore, to decide means to cut off or in practical content to come to a conclusion; the meaning of decision-making keeps changing. The meaning of decision-making keeps changing, because the content of decision-making keeps changing.

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The decision-making processes are of 3 time aspects of a decision: past in which the problems were developed and information is collected; present where alternatives have to be evaluated and selected; future where decisions will be carried out. So, decision-making is a continuum; all managerial decision-making is a continuum. Therefore, time battles are irrelevant.

I am not interested in the past; it is dead and gone. The past is never dead and gone; you are what you are today, because of your past, including the food which you ate when you are 6 years old; how is it dead and how is it gone? Or better still, I do not believe in the past; how grand are you! You need to be worshiped and celebrated! You do not believe in the past and there is no point in pontificating, unless you do it with it a certain kind of an accent; you cannot just say, I do not believe in the past. When you say, I do not believe in the past, you are supposed to say, I do not believe in the past; you are out there; the past is forever present.

What are the differences between the past, present and the future? Present is the time for evaluation and selection; that is the significance of the present, but the future, is now and how is the future? Now, the future is now, because what you are doing now, will be your future. So, your choices of today, creates your competencies for the future; you do not have to wait for the future to come.



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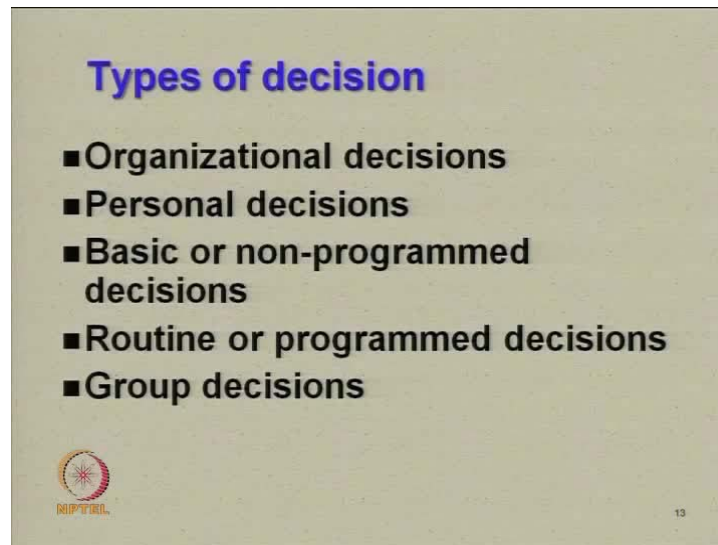
**Decision making Process**

- Steps:
  - Define and crystallize the problem
  - Secure and analyze pertinent facts
  - Develop alternative solutions or courses of action
  - Decide upon the best solution or the optimum course of action
  - Convert the Decision into effective action

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There are certain steps of decision-making and remember we are talking of processes and we are now linking processes to decision-making. So, what are the steps? Define and crystallize the problem; secure and analyze the pertinent facts; develop alternative solutions or courses of action and then of course, the rest of the chain, you know we have covered that. The not so charming thing about life is most people do not even know they have a problem. And if you do not know you have a problem, you obviously cannot solve it. Therefore, awareness is the first important step in problem solving, and then gets the relevant facts to it. What are the facts? The facts to recapitulate are the constraints and the strengths you have in that situation and ultimately all decisions have to be converted into effective action.

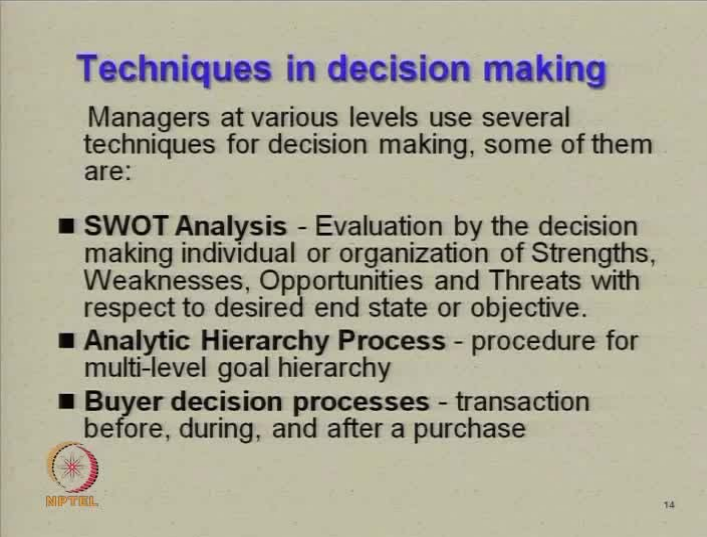
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There are different types of decisions organizational decisions, personal decisions, basic or non-programmed decisions, routine or programmed decisions, group decisions and again this list can be extended. Now, everyone is not good at every kind of decision-making; to make a managerial mark, you must be able to figure out what kind of decision-making you are particularly good at.

Here is a brief list there can be others. You can have a classification of decisions, which the kind of tools which it requires, you may be very good with figure work, but you may be terrible with analysis; you may be very good at analysis, but you may be very inept in figure work. Therefore, just as all decision-making is contextual, all choices are personal; every choice has to be rooted in your own potential.


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**Techniques in decision making**

Managers at various levels use several techniques for decision making, some of them are:

- **SWOT Analysis** - Evaluation by the decision making individual or organization of Strengths, Weaknesses, Opportunities and Threats with respect to desired end state or objective.
- **Analytic Hierarchy Process** - procedure for multi-level goal hierarchy
- **Buyer decision processes** - transaction before, during, and after a purchase

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Then there are techniques of decision making; managers at various levels use several techniques for decision-making and some of them are: SWOT analysis, analytic hierarchy process, buyer decision processes.

I am going to stop there and come back and explain it, because when you talk of decision making processes, we are really opening a new chapter.