



COS

CENTRE FOR ORGANISATIONAL STUDIES

Foundation José M. de Anzizu

CENTRO DE ESTUDIOS SOBRE LAS ORGANIZACIONES

Fundación José M. de Anzizu

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## NEWSLETTER No. 6 — October 1992

### LOOKING FORWARD TO 1993, A TRANSITION YEAR FOR COS

JOSÉ M. DE ANZIZU

*While the idea of creating COS first arose in the mid-eighties, its actual existence dates from January, 1989. In the course of 1988, the Board developed the objectives for a first, five-year period, which will end in December, 1993, when the Board must also be re-constituted. It is now time to start thinking about 1994-98. This is why I mentioned 1993 as a «transition year for COS».*

*Some ideas have began to emerge for this future phase. There is the project of building a network of professionals —managers as well as academics and consultants— who work in the same field and like to be regularly in contact with colleagues whom they first met at our yearly Round Tables. We also feel that there is a need for more in-depth study of the ideas developed at those Round Tables, and that we should therefore promote and finance research on them.*

*In order to discuss the network issue, we are planning a meeting of former Round Table participants just after our 1993 Open Conference, about which I will say something later on.*

*To broaden our financial base in order to promote new projects, we are beginning to approach a few, carefully selected institutions —ideally a combination of an internationally-oriented company, a global consulting organisation and a business school— which might be interested in collaborating with the «Foundation José M. de Anzizu» during this coming period. Any ideas on this will be very welcome.*

*A final word about our 1993 Meeting.*

*After four Round Tables, to each of which only about twenty or twenty-five experts were invited, we are planning for 1993 a more open conference which will take place in Barcelona on June 10th and 11th. We are still in the preliminary stages of its organisation but I can say that we will be able to admit around fifty paying participants who will have an opportunity to discuss issues related to «Organisations of the Future».*

*We expect this to be a lively, highly participative and —why not?— rather provocative meeting which, I am sure, will be stimulating for anyone interested in the workings and evolution of organisations.*

### **HARALD BURMEISTER CASE WRITING SCHOLARSHIP**

From 1993 onwards, we are planning to give one or more scholarships to young case writers preparing cases which will be presented to the EFMD (COS category) competition of the year. The amount of each scholarship will be ECUS 2,000.

With the agreement of his children, the scholarship(s) will honour the memory of Professor Harald Burmeister, who died of cancer in Barcelona in 1985.

Harald, a German national, was a truly international and practical academic and consultant. He worked in international trade in many different countries until he was in his mid-thirties, when he took an MBA at Harvard, studying subsequently at IMEDE where he prepared his PhD. After a stay at Berkeley, he joined the IESE faculty in the early seventies. There he was Professor of International

Finance and the person in charge of starting the International MBA.

At the end of 1984 José M. de Anzizu spent a few days with him in Santiago de Compostela, when both were teaching a IESE executive development programme. Harald already knew that his life expectancy was limited to months because of a widespread cancer and his thoughts and reflections at this time were very influential in Sr. Anzizu's decision to set up a non-profit-making foundation. A non-believer, he died according to his principles, but his ethical standards, his care for others and his openness to a wide spectrum of humanistic and logical ideas, were exceptional.

COS will assure one scholarship per academic year but we would be delighted to receive financial support from other contributors.

We will provide more information on this scholarship when the Case Competition is announced by EFMD. Please let us know if you would like us to inform you directly.

## **TRANSITION MANAGEMENT IN EASTERN AND CENTRAL EUROPEAN BUSINESS ORGANISATIONS**

COS ROUND TABLE IV, June 11-14, 1992, Potsdam, Germany

The Rapporteuse Reports - SUSAN STERN

If the setting for last year's Round Table in Mondralin, near Warsaw, was «magic», according to Gay Haskins, so too was the location for this year's Round Table in Potsdam, near Berlin. We came together in no less than the Cecilienhof Palace where, in 1945, the post-war European order was decided by Churchill (later Attlee), Stalin and Truman and where, as history shows, the seeds of the Cold War were sown.

Were we over-awed, we lesser (well, at least to date not as famous) mortals making up the COS group? Hardly. We certainly appreciated the beauty of the palace, now hotel and museum, set in magnificent gardens in a larger park. We toured the historic rooms and tried, unsuccessfully, to suppress giggles at the attempts of our guide to convey to us the drama of the momentous 1945 events. For the rest, I suppose at a pinch we could read something symbolic into our presence at the palace: we were in Potsdam to do our microscopic bit to help alleviate the mess left over, albeit indirectly, by the Cold War. We were there to examine, discuss and attempt to understand some of the characteristics and headaches of transitional management in organisations trying to shift from one economic system to another.

As Ian Turner, one of our two chairmen, suggested in the advance paper he had prepared as «food for thought», the notion of transitional management stretches over time and is a movement rather than a state. And while we can postulate certain general characteristics of transitional management and transitional economies, the socio-politico-economic situation of each country involved in the process is so individual, our own relevant experience so inadequate, that we are feeling our way rather blindly through uncharted, ever-changing territory (the last comment is mine, not Ian's).

So we met and introduced ourselves: a mixed bag of east, west and central European cultures, personal backgrounds and experience, in ourselves a small transitional group, as Bulgarian cultural psychologist Marin Ignatov commented, with our own potential communication difficulties. In the event, I for one (an outside observer, no management expert) was not aware of any such difficulties; on the contrary, I was amazed throughout the proceedings at the ease of the communication flow among the COS participants, at the apparent congruity of ideas and thought processes.

Having had his original plans foiled at the last minute by the Treuhand, the agency responsible for privatising formerly state-run companies in eastern Germany, Ian Turner, assisted by Janine Berg-Peer, had worked round the clock to arrange a company for us to visit and to prepare a brief study of it. We spent a fascinating day learning about a Potsdam firm in the business of installing heating, sanitation, air conditioning and electrical systems. Once part of a state-owned, East German enterprise and privatised through an MBO by second-line management, HVT is a truly east German firm with no west German big brother to direct the show.

The story of the transition, by no means over yet, struck me as resourceful and rather touching. I was impressed by what we saw and heard on our morning tour of the premises and came to the conclusion that this was a company with a bright future. After all, thought innocent I, the construction business can only boom in the greater Berlin area as massive building and renovation projects get underway. So it came as something of a surprise to me to learn from the subsequent discussions between HVT's top managers and the members of our group that the future of the company might not be as assured as I had assumed.

While it is clearly impossible to analyse the situation of a firm after one brief visit, Round Table participants with wide experience of the problems of transitional management in eastern Europe were far more aware than I of the many potential difficulties facing such an enterprise. Management finds itself in a completely new situation and often becomes wrapped up in internal difficulties and personnel power struggles; all available energy is devoted to the daily battle simply to survive rather than to longer-term planning and the development of vital external strategies. Poised between fear and expectation in an unfolding, unfamiliar and sometimes opaque environment, management retains values —the desire, for example, to preserve as many jobs as possible— which, while intrinsically laudable, endanger the firm's prospects of profitability. Painful measures, I found out, cannot always be avoided. Moreover, the construction industry in the Berlin area is not over-anxious to share its lucrative market with outsiders.

So HVT is not yet over the hill, although the dimensions of the hill are becoming clearer.

All of the Round Table members wished HVT management well and the participants from the Berlin area will keep in touch to monitor progress and help in any way possible.

Most of the second day was given over to presentations by COS participants on subjects ranging from privatisation, turn-arounds and the importance of timing to the need for business culture audits; from a broad comparison of Germany and Hungary to a narrower description of anarchy in Moscow and management education in St. Petersburg; from reconstruction without deconstruction in ex-Yugoslavia to wild privatisation and changes confronting managers in Slovenia.

A number of these presentations, together with a write-up of the HVT case study and a detailed account of the discussions, will appear in COS Working Document No. 4. Suffice to say here that an impressive amount of territory was covered in a remarkably short time and I fear that I would do the presentations and the ensuing discussions a great injustice if I tried to summarise them in a few words. So I won't.

Instead, something quite different. Anyone who has ever organised a conference, workshop, round table or the like knows what a tremendous amount of time and effort goes into the planning of such an event. And when the organisational centre is in one place (Barcelona), the venue in another (Potsdam), one chairman in a third (Henley) and another in a fourth

(Budapest), then things just begin to get complicated. Add the infrastructure problems of a society in transition (eastern Germany), the blight of bureaucracy (the Treuhand) and no doubt a few other factors I've missed, and you've got potential chaos. This danger, which loomed and threatened, was averted by the perseverance, cooperation and hard work of the COS team, greatly aided by EAP Berlin in the person of Janine Berg-Peer.

*Susan Stern is a tenured lecturer in applied linguistics at the University of Frankfurt. She spent ten years at the University of California at Los Angeles and a year at the London School of Economics. A freelance journalist and editor, she dubs herself a «Germany Watcher»; since 1988 she has been writing and editing English language publications on developments in Germany for the Business Information Services of the Frankfurter Allgemeine Zeitung. She has now joined the lecture circuit and recently toured the United States on behalf of the German government.*

## ROUND TABLE PARTICIPANTS, 1992

**José M. de Anzizu**, Director of COS, Barcelona; **Janine Berg-Peer**, manager at EAP, Berlin; **Otto Bertz**, Director General, HVT Potsdam, Germany; **Max Boisot**, Professor at ESADE, Barcelona and Senior Associate at the Judge Institute of Management Studies, Cambridge University; **Marjan Cerar**, Manager, Belinka, Ljubljana, Slovenia; **Valentin Dunayevsky**, Program Director, LETI-Lovanium International Management Center, St. Petersburg; **Terry Garrison**, European Client Director, Henley Management College, UK; **Wolfgang Händel**, Chairman Spezialtechnik Dresden AG and Sächsisches Serumwerk GmbH, Germany; **Marin Ignatov**, Head of Applied Psychology Centre, Bulgarian Academy of Sciences, Sofia; **Martin Jähn**, Consultant, Berlin; **Penny Jones**, Consultant, London; **István Lepsényi**, President of Magyar Suzuki Corporation, Budapest; **Thomas Lupton**, Academic and Consultant, Manchester and Barcelona; **Christopher Martin**, Academic and Consultant, UK; **József Menyhárt**, Joint Venture Association, Budapest (co-Chairman); **Alexander Oleinik**, Associate Professor at Moscow State University; **David Parcerisas**, Director General of EADA, Barcelona; **Victor Pou**, Head of Programs for Eastern Europe, IESE, Barcelona; **Susan Stern**, Professor and Journalist, Frankfurt (Rapporteur); **Péter Szirmai**, Professor and Entrepreneur, Budapest; **Ádám Tértak**, General Manager, Ernst & Young, Budapest; **Rainer Trost**, Deputy Director, HVT Potsdam, Germany; **Ian Turner**, Henley Management College, UK (Co-Chairman).

## COS CASE WRITING PRIZE, 1992

Since 1990, when the European Foundation for Management Development (EFMD) started the European Case Writing Competition, COS has collaborated by giving prizes for the best cases on our topic of interest for the year in question: «Mergers and Acquisitions» (1990), «East-West Business Collaborations» (1991) and, this year, «Transition Management in Eastern and Central Europe».

We wish to continue financing a prize for the best case dealing with our area of study in 1993. The title will be announced later this year and will be related to innovative and future-oriented organisations.

For the 1992 Competition we received eight cases from different European Business Schools, most of them well above average. The international EFMD Jury therefore faced a difficult task when selecting the winner, the case highlighted in the listing below. This case also won the IBM Award for Excellence, given to the best of the winners of the various EFMD categories.

The cases, which can be found in the institution to which the case writer belongs, are as follows:

### \* A BREAD INDUSTRY IN DEEP WATER

Problems of bread production and distribution in one Eastern European city after the collapse of the socialist system.

Jennifer Fox, CRAC, Sheraton House, Castle Park, Cambridge CB3 0AX, UK

### \* SONY IN POLAND

**Sony's European Operations Management evaluates the opportunities existing at the end of 1991 for manufacturers of consumer electronics in former COMECON markets and has to solve the problem of finding the right distribution vehicle for Poland.**

Robert S. Collins, IMD, Chemin de Bellerive, 23, P.O. Box 915, CH-1001 Lausanne, Switzerland

### \* CARL ZEISS JENA: Managing Catastrophe

The case examines numerous issues surrounding the transition of this famous East German optics company from November, 1989 (when the communist system began to break down in Central/Eastern Europe) until the end of 1991, after West German executives from the «brother company» in Oberkochen had supervised the company's downsizing from 27,000 to 10,000.

Manfred Kets de Vries, INSEAD, Boulevard de Constance, 77305 Fontainebleau Cedex, France

### \* LENINGRAD LACE CURTAIN PRODUCTION ASSOCIATION

This case provides information on the changes taking place in Russian factories during a time of rapid economic and political change, in the context of a reduced role for the central planning system and growing factory independence.

Marina Kolesnikova, LIM1, P.O. Box 450, 199034 St. Petersburg, CEI

\* DHL WORLDWIDE EXPRESS: Central and Eastern Europe

Difficulties and dilemmas—at both strategic and operational levels—encountered by the Country Manager of DHL when starting the business in Prague in 1992.

Aileen Egan, Ashridge Management College, Berkhamsted, Hertfordshire HP4 1NS, UK, with Neal Thornberry

\* SALAMANDER AND LENWEST: a Joint Venture that Works

Description of the objectives and first development of the joint venture between the German shoe manufacturer Salamander and its Russian partner, located in Saint Petersburg.

Ian D. Turner, Henley Management College, Greenlands, Henley-on-Thames, Oxfordshire RG9 3AU, UK

\* FEROX: Finding the Match

This case is intended to show the differing perspectives and business cultures of the managers from a state-owned Czechoslovak chemical equipment manufacturer and an American-based international chemical corporation which is about to obtain controlling interest in the Czech company.

Jane Pearce and Michal Cakrt, International Management Centre, Namesti 5, Kvetna 2, 250 88 Celakovice, Czechoslovakia

\* THE BOLSHEVICHKA APPAREL COMPANY: Managing in Perestroika

In mid-1991, Bolshevichka, one of the leading manufacturers of men's suits in Russia, although owned by the state, was completely on its own. The managers no longer knew to whom they were responsible. The General Director had to make the transition to free enterprise through decisions concerning brand image, expansion or contraction, privatisation and joint ventures.

William A. Fischer, George Taucher and Vivian Watt, IMD, Chemin de Bellerive, 23, P.O. Box 915, CH-1001 Lausanne, Switzerland

## CHANGES IN THE COS SECRETARIAT

For personal reasons, Ellie Ferguson will be leaving COS in October. Her successor, Nicky Davies, has a BA (Hons) in Modern European Studies (Trent Polytechnic) and a Postgraduate Diploma in Foreign Languages for Business (Bristol Polytechnic). Nicky has worked in many areas, including the teaching of English, but has concentrated on translation, public relations and administration in London and Paris, finishing with an interesting spell assisting the Director of Planning for Olympic Radio and Television in Barcelona.

## COS NEWS, 1992

ELLIE FERGUSON

*Having completed a year in the COS office, I am happy to have the opportunity to write a short impression, before commenting on COS activities since the appearance of the last Newsletter.*

*Fortunately for those who work at COS, the founder's interest in organisational matters is not limited to the theoretical plane. Plans are laid well in advance. Any project is outlined, discussed and refined long before its implementation is necessary. As a new arrival, I was immensely struck by the amount of consultation which takes place at every level, by the desire of Sr. Anzizu to take a coordinating rather than an authoritarian role and by the willingness of so many extremely accomplished people to work with him to achieve his aims. The annual Round Table in June represents months, sometimes years, of rumination, followed by discussion with Board Members and Advisors, before detailed preparation begins nine months in advance.*

*My first Round Table was in June at the Cecilienhof, Potsdam. It was an unforgettable experience, immensely interesting and stimulating, influenced throughout by the spirit of Sr. Anzizu despite his very understated role. Again I was surprised to see the great freedom given to the academic chairman (no reflection here on Ian Turner, who was outstanding!) to establish the structure of the event and to determine the nature of the subsequent working document. Participants' reactions have been enthusiastic but I think we were most delighted with the news that the wife of one of the participants, who accompanied him to the conference and attended the sessions, has now decided to resume her studies and attempt a PhD in organisational change.*

*It is not my intention to present a eulogy but it is scarcely possible to write about life at COS without presenting a glowing picture. Of course there are dull jobs—maintaining the library is a constant battle with erratic subscription departments, processing book orders or preparing mailings is routine—but contacts, both by phone and with those who visit the offices are invariably interesting and pleasant, the organised lectures stretch the mind, while the knowledge of contributing, in however small a way, to a worthwhile project, lovingly developed at every stage, adds immensely to any other areas of job satisfaction.*

*I depart with great sadness but with a determination to continue my own studies in this area. My successor in the COS secretariat is Nicky Davies, fresh from the offices of the Olympic Committee. Nicky is also a graduate and a linguist, and a very lucky lady.*

## COS LECTURES

In conjunction with some of Barcelona's business schools, COS has been involved in the organisation of various lectures.

**Professor Marin Ignatov**, Head of the Centre of Applied Psychology at the Bulgarian Academy of Sciences, talked on «Organization Development Dilemmas in a Post-Totalitarian Economy. Considerations and Observations from Bulgaria» in front of a well-informed and vocal audience at EADA. During his visit to Barcelona, Professor Ignatov also visited ESADE and IESE and, at all three schools, was delighted with the level of interest and involvement in Eastern European questions.

At ESADE, **Professor Joan Massons** enlightened a large group on a very topical project —«Fundamental Organisational Planning for the Barcelona Olympics». Having been closely involved with the Olympic Committee as an assessor, Professor Massons could give an insider's view of the depth and width of preparation necessary for such an event and outline the structures used to control operations.

Pompeu Fabra is one of Barcelona's newest universities and COS was happy to have the opportunity of collaborating with it in the presentation of a seminar by **Chen Derong** on «Increasing Managerial Autonomy — Making the Economy More Dynamic or Losing Control? The Contract Management Responsibility System in Chinese Industry». Ex-co-Dean of the China-Europe Management Institute, Chen Derong is currently completing a PhD on this theme at the University of Aston Business School, UK. Most of those present had worked or taught in China and discussion was informed and lively.

## COS MAILING LIST

Our list of those individuals and institutions interested in regularly receiving information on our activities, publications etc. now stands at 1,330, comprising a mixture of academics, consultants and managers, 899 in Western Europe, 258 in Eastern Europe, 101 in North America, 20 in South America, 17 in China and 35 in the rest of the world.

We should be very grateful if you would correct for us any errors in your address.

## OTHER PROJECTS

During the course of the year, Sr. Anzizu has been involved in various projects. In November, 1991, he visited Prague to give a seminar to Czech businessmen on Eastern European management challenges as seen from the West. Exchanges between Czech and Spanish businessmen were discussed. His destination in April, 1992 was Sofia, where he participated in the PHARE programme for training Bulgarian managers.

COS also developed its research aspect by collaborating with EADA in the preparation of a report on Legal Aid for the Generalitat (regional government) of Catalonia.

On July 16th, COS organised a small group meeting to discuss with **Ignacio de Anzizu**, a Jesuit who has been working in the Republic of Chad for more than twenty years, the characteristics of the change process undertaken by him and his group of colleagues in that area of the world. Father Anzizu has started a centre for training local carpenters which, later on, will form a kind of network in the region. His approach emphasises a step-by-step, participative and, therefore, necessarily slow, development. During the meeting the group discussed the parallels between this change process and others in which those present had been involved as consultants or managers. We are keeping notes on Father Anzizu's project with the intention of eventually publishing a paper on the experience.

## COS LIBRARY

In the COS library we keep all the information collated in preparation for, and as a result of, the Round Tables. Files of articles relating to the topics and cases submitted to the EFMD case competition are available for consultation. In addition to a selection of general business publications, we continue to subscribe to those periodicals which seem to offer the best material in the field of organisational studies.

All COS associates are welcome to use the library facilities and we are pleased to detect an increased awareness of their existence. Most visitors are local but we were glad this year to strengthen ties with Prof. Jesper Strandgaard Pedersen of Copenhagen Business School through the visit of his research student, Helle Strand.

The business school EADA is helping us with the lengthy task of computerising the contents of our periodicals, to allow rapid search for authors, subjects etc. This a long-term project which will greatly enhance the usefulness of the library.

Before coming to work in the library, please telephone Barcelona 412 34 32 to confirm opening hours.

## «ORGANISATIONS OF THE FUTURE»

COS Open Conference - Barcelona, June 10th (evening) and 11th, 1993

This meeting is now being prepared. We will keep you informed.