



Durham E-Theses

*A study of management and organization
development in a UK shipping transport and trading
company: 1972-80*

Rees, D. John

How to cite:

Rees, D. John (1987) *A study of management and organization development in a UK shipping transport and trading company: 1972-80*, Durham theses, Durham University. Available at Durham E-Theses
Online: <http://etheses.dur.ac.uk/6785/>

Use policy

The full-text may be used and/or reproduced, and given to third parties in any format or medium, without prior permission or charge, for personal research or study, educational, or not-for-profit purposes provided that:

- a full bibliographic reference is made to the original source
- a [link](#) is made to the metadata record in Durham E-Theses
- the full-text is not changed in any way

The full-text must not be sold in any format or medium without the formal permission of the copyright holders.

Please consult the [full Durham E-Theses policy](#) for further details.

The copyright of this thesis rests with the author.
No quotation from it should be published without
his prior written consent and information derived
from it should be acknowledged.

A STUDY OF MANAGEMENT AND ORGANIZATION DEVELOPMENT
IN A U.K. SHIPPING TRANSPORT AND TRADING COMPANY
1972-80

D. John Rees

Thesis submitted for the Degree of Master of Arts

Supervisor: Professor H.C. Baker



ABSTRACT

The thesis provides an empirical analysis of the role of a management development and training adviser in a major U.K. Shipping, Transport & Trading Group during the decade of the 1970s. The period was characterized by world-wide economic convulsions, political and social change and the emergence of information technology as a key facet of post-industrial society. The decade was to signal the end of British dominance in liner shipping.

The study examines how the inter-related processes of management development and organization development were interwoven with the general processes of management. It also illustrates how a managerial system achieved an effective interlocking of the triad of managerial resources - the physical, financial and human resources.

An interventions-oriented approach was aimed to achieve individual positive manager involvement for:

- . *the effective interlocking of business planning with individual performance planning*
- . *an inter-related performance appraisal system, embracing business and individual performance reviews and assessment*
- . *the integration of manpower planning and career planning with strategic business objectives and corporate planning*
- . *the introduction of management development programmes aimed to optimize the contribution of individuals in the achievement of profitability and growth*
- . *the development of counselling and coaching skills*
- . *an ongoing action programme to facilitate organization development, through systematic approaches to change the managerial style and behavioural pattern, and to enable managers to acquire competence in decision-making skills and managing people.*

PROLOGUE

Ocean was a name renowned in merchant shipping; subsequent to 1965 it had diversified its activities into sea, air and land. The group was responding to major environmental changes and at the end of the 1970s had transformed itself into a multi-location group of industrial services.

The lead roles throughout the 1970s were performed by a brilliant and able team of three, the Chairman and two senior main Board members, constituting the Executive Committee. The major support roles were performed by Divisional General Managers, responsible for operating and service divisions. The management development role was a new one, to be performed within the newly structured and enlarged Group. The new adviser's script had not been circumscribed. It was to provide a challenge and opportunity to launch a series of initiatives in human resource development, at first, in a strongly centralized management system and, subsequently, a contingent system of divisionalized activities.

A major surge in interventions from 1972 through 1974 was associated with the agency of a project group led by a main Board member and, from 1974 onwards, was facilitated by a sub-committee of the Group Executive Committee, constituting a power house for the instruments of change and development, covered in the research study.

The adviser's role called for a plurality of competencies:

- . *the ability to adapt to the corporate management of the Ocean Group*
- . *an understanding of a wide confluence of businesses*
- . *a capability of canalizing the wide delta of operational management styles to achieve a consensus of developmental approaches*
- . *adaptability to the socio-political idiom of the apex of command, the motivating power of the Executive Committee*
- . *capability in withstanding hostility to change and the strengths and resilience to prosecute change, and*
- . *a 'political' awareness and ability to respond to the individual and team dynamics of different businesses.*

The research methodology was an amalgam of the intervention theory and method adumbrated by the U.S.A. writer: Chris Argyris and the action research approach, derived from the research findings of Peter Clark et al from the Tavistock Institute of Human Relations and Philip Sadler and Bernard Berry at Ashridge Management College.

ACKNOWLEDGEMENTS

The author owes a great debt to the encouragement and advice of his supervisor Professor H.C. Baker. Without his constant support over many years, and especially following a long period of enforced inactivity, the work would not have been completed. It is most pleasant to record many years of happy association with Charles Baker and his colleagues at Durham University Business School.

To Mrs R.L. Reed, formerly Secretary to the Master of Van Mildert College, the author extends his special thanks. Ruth Reed fashioned the format of the typescript and gave unfailing attention to the detail of presentation. She proved both a friendly and supportive colleague.

Mr H.B. Chrimes, when Deputy Chairman of Ocean Transport & Trading was instrumental in launching the author on the action research. His charismatic understanding of people management was an inspiration and he stimulated the setting of some expansive goals in the approaches to management and organization development. As a President of the Council of Liverpool University he was able to arrange for the author to test some of his ideas, as a class tutor with MBA students. It provided a signal opportunity for the coalescence of theory and practice. For the chance to do so, thanks are extended to the former Director of the Business School: Professor A.M. Bourn.

Without the guidance of the late Dr A.T.M. Wilson, when Professor of Organization Behaviour at London Business School, the research study would have lacked the able 'pilot' who did much to chart the way ahead.

The reluctant alumnus of Tommy Wilson's 1967 class became a willing student of management development in the 1970s.

Other leading exponents of management and organization development with whom the author was privileged to be associated were Professor John Morris of Manchester Business School and Philip Sadler, Principal of

Ashridge Management College. Len Sneddon, when Director of the Sundridge Park Management Centre, was an ever helpful support in the launch and success of the first management development programme. The environment of Sundridge Park was an ideal setting and the work there was enriched by association with a number of senior members of PA Management Consultants and with Paul Hill, formerly of Shell Transport & Trading and subsequently head of the Human Resources Division of M.S.L. The action research carried out in conjunction with Burton Manor Residential College owed a great deal to the work done with Harry Middleton and associate tutors: John Foden of PA Management Consultants and Peter Kirby, Director of Marketing Improvements Ltd.

The writings of many experts in cognate subject areas underpinned the action research. The brief association with Professor C.A. Argyris when visiting Liverpool University Business School was most instructive. An association with Dr Richard Beckhard on his short visits to London Business School provided new inputs for the study of organization development. In 1975 the author's understanding of the role of the behavioural sciences was refreshingly stimulated by contact with Professors Charles Handy, Derek Pugh and Denis Pym at London Business School.

Much that was achieved in management development in Ocean stemmed from the support of Ocean executive directors, and most to the inspiration of Sir Lindsay Alexander's managerial style and leadership of the Group. A special mention must be made of the contribution of Charles Lenox-Conyngham as chairman of the project group, whose findings were to help forge new approaches to Ocean's management development programme in 1974. Geoffrey Ellerton, whose main board portfolio of interests included management development, in succession to Harry Chrimes, gave every encouragement to the author. His contribution to the writing of the case study on the West African Terminal at Tilbury was of particular value.

Membership of the Management Development Committee of the General Council of British Shipping did much to shape the charting of the research into a U.K. shipping company.

For the opportunity to carry out a comparative study of management and organization development in a major shipping company, a special thank you goes to Sir James Steel, who was, at the time, Chairman of Furness-Withy. The latter's Chief Executive, Sir Eric Shaw, provided valuable inputs for the research. Dennis F. Martin-Jenkins, Chairman of Ellerman Lines, arranged for the author to discuss his research work with Ellerman senior executives. There were valuable exchanges of ideas and practices with Frank Thomasson over a number of years when he was Group Personnel Director with P & O.

David Lawrence, Ocean's Senior Training Adviser, helped with his boundless enthusiasm and hard work, which contributed greatly to the development programmes conducted at Burton Manor.

To others, not named, gratitude is owed for their help in creating the challenge and opportunity to carry out the action research study.

During the early stages of the research work the author greatly enjoyed his period in-residence at Van Mildert College.

C O N T E N T S

	Page
ABSTRACT	i
ACKNOWLEDGEMENTS	iii
PART ONE INTRODUCTION	
Chapter 1 The Challenge for an Interventionist	3
PART TWO PROFILE OF THE OCEAN GROUP, ITS CULTURE AND MANAGEMENT STYLE	
Chapter 2 The First Hundred Years	15
Chapter 3 Culture and Management Style of the Ocean Group	20
Chapter 4 Ocean's Management System	25
Chapter 5 Responsibilities and Structure	41
PART THREE A CONTINGENCY APPROACH TO MANAGEMENT TRAINING	
Chapter 6 Strategic Planning in Ocean	50
Chapter 7 An Approach to Training in Planning Skills	59
PART FOUR A RESULTS ORIENTED APPROACH TO PERFORMANCE PLANNING AND REVIEW	
Chapter 8 Individual Performance Planning	78
Chapter 9 Ocean Staff Assessment Scheme	129
PART FIVE MANAGEMENT DEVELOPMENT IN OCEAN	
Chapter 10 Challenges for an Interventionist 1974-79	169

	Page
PART SIX ORGANIZATION DEVELOPMENT	
Chapter 11 Change and Development in the Ocean Group 1976-80 	276
PART SEVEN SOUNDINGS AND CONCLUSIONS	
Chapter 12 An Interventionist's Epilogue 	305
BIBLIOGRAPHY	322

NOTE:

Chapters 10 and 11 examine a number of inter-related activities within the spectrum of management development and organization development. To help the reader each chapter is prefaced with a Time Frame Reference.

F I G U R E S

	Page
Figure 1	India Buildings, Liverpool 16.1
Figure 2	Ocean Group 1974 Operating Divisions 37
Figure 3	Budgetary Control System in Ocean.. .. . 53
Figure 4	Conjunction between Planning and Managing Human Resources 55
Figure 5	Inter-relationship between Ocean's Business Objectives, Planning, Organization and People 62
Figure 6	Diagram of Processes of a typical Management System 72
Figure 7	A Contingency View of Managerial Work 90
Figure 8	Managerial Roles 91
Figure 9	The Managerial Grid 98
Figure 10	Schematic Portrayal of the Determination of Managerial Behavior 100
Figure 11	Business Planning, Individual Performance Plans and Individual Performance Assessment 106
Figure 12	Improving Management Performance Typical Launching Sequence (Humble) 109
Figure 13	Performance Planning Factors that influence Performance 118
Figure 14	Managers in Action 150
Figure 15	Factors in Rating Potential 163
Figure 16	Individuals and Jobs 177

	Page
Figure 17 Role of Management Development and Organization Development in facilitating current and future managerial effectiveness	178
Figure 18 Management Training Process (Humble)	265
Figure 19 A Behavioural View of Organizations	192
Figure 20 Improving Management Performance	195
Figure 21 Process of Management Development	196
Figure 22 Potential Review .. .,	233
Figure 23 Guide line of factors relevant to managerial jobs	235
Figure 24 Context of Appraisal	242
Figure 25 Development and Training within Ocean	245
Figure 26 Schools of Thought on Learning Theory	263-64
Figure 27 Management Development and Training Approach ..	250
Figure 28 Training as an Integrated Process	251
Figure 29 A Continuum of the Ocean Management Development Process	256
Figure 30 Hierarchy of Key Aspects of Organization Development	293

APPENDICES

The appendices include the primary and secondary source material used in the action research study.

Appendices 1 to 23 relate to work carried out in Ocean from 1972-76.

Appendices 24-65 relate to management and organization development activities, post-1976.

Appendix Number	Chapter	Page in text	Subject
1	2	19	Organizational Structure for Ocean 1973
2	2	19	Ocean's Principal Businesses and their Divisions - 1976
3	2	19	Organizational structure for Ocean - 1976
4	11	286	Ocean Marine Division - March 1979
4a	11	286	Ocean Cory Divisional Organization - April 1979
5	5	41	Job Descriptions
5a	5	41	Salary Administration
5	Annexe 1	41	Managing Director OFL and Ships' Husband
5	Annexe 2	41	Group Controller and Deputy to MD
5	Annexe 3	41	Group Strategic Planner
5	Annexe 4	41	Manager of Cargo Care
5	Annexe 5	41	Manager, Port & Cargo Services
5	Annexe 6	41	Manager of Group Accounts
5	Annexe 7	41	Manager of Group Accounts
6	6	50	Strategic Planning in Ocean
6	Annexe 1	57	Diversification - The Motive
6	Annexe 2	65	Ocean 'P' Form

Appendix Number		Chapter	Page in text	Subject
7		7	68	Finance for the Non- Financial Manager
8		7	71	Planning Skills Training Programme
8	Annexe 1	7	71	Planning Skills Course
9		8	82	Guide Notes
	Annexe 1	8	83	Organization and Environment
9	Annexe 2	8	78	Organizational Diagnosis
9	Annexe 3	8	83	Managerial Style and Company Objectives
9	Annexe 4	8	86	On Making Decisions
9	Annexe 5	8	101	Standards of Performance
10		8	108	Management by Objectives
11		8	115	Man Specification
12		8	119	Agreeing Individual Performance Plans and Setting Performance Targets
13		8	119	Some Ideas on Setting Objectives. Why should Ocean Set Them?
14		9	130	Staff Performance Appraisals
15		9	132	1974 Group Appraisal Scheme
15	Annexe 1	9	132	Staff Development - Individual Assessment (SDT1)
15	Annexe 2	9	132	Annual Assessment of Managers and Specialist Staff (MD1)
15	Annexe 3	9	132	Annual Assessment of Senior Managers (MD2)
15	Annexe 4	9	132	Memorandum from MDA to Personnel Executives on Draft Notes of Guidance
15	Annexe 5	9	132	H.B. Chrimes' cover note to issue of Notes of Guidance January 1974
15	Annexe 6	9	132	Notes of Guidance for com- pleting Individual Assessment Forms
15	Annexe 7	9	132	Staff Assessment - Questions and Answers

Appendix Number	Chapter	Page in text	Subject
16	Annexe 1	9	132 Programme for two-day seminars
16	Annexe 2	9	132 Appraisal Interview Notes
16	Annexe 3	9	132 MDA's aide-mémoire for Personnel Managers' Committee on Staff Assessments
16	Annexe 4	9	132 MDA's report on PMC meeting 13th December 1973
16	Annexe 5	9	132 HBC's request for report on two-day seminars and documentation of procedure for staff assessments
16	Annexe 6	9	148 MDA's report on two-day seminars and Procedure for Ocean Group Appraisal System
16	Annexe 7	9	148 MDA's call to action by line managers to play a key role in performance planning and assessment
17		9	134 Notes of Guidance on Potential Review
18		9	139 Memorandum on Industrial Democracy from OTTL Chairman
19		9	146 Marion Kellogg on Performance Appraisal
20		9	157 Report by IPM on Performance Appraisal
21		9	157 OCDs Administration of Group Appraisal Scheme
22		9	157 OMI Assessment Seminar
23		9	162 GPD Strategic Plan 1974-78
24		10	170 Ocean's Management Development
25		10	171 Ocean Management Development Programme

Appendix Number	Chapter	Page in text	Subject
26	10	172	A Turner & Newall manager's Report on the Cranfield Management Development Seminar Friday 4th September - Saturday 5th September 1970
27	10	173	Policy Paper 16/1 - June 1974 Management Training Scheme for Younger People
28	10	173	Policy Paper 17/1 - June 1974 Career Development for General Management
29	10	173	Ocean 'Student Princes'
30	10	180	Coaching and Counselling Skills
31	10	181	Auditing Management Development
32	10	189	A Modular Approach to Management Development
33	10	197	Why Ocean has no room for passengers
34	10	198	Action-centred Training in Ocean
35	10	198	Note on Socio-technical systems
36	10	201	John Morris's Concept of Joint Development Activities
37	10	213	Assessment Centres
38	10	216	Strategic Management Development
39	10	218	Management Development Function in Ocean
40	10	219	Career Development in Ocean Post 1977
41	10	222	Call for Action on Staff Appraisals by Deputy Chairman
42	10	223	Notes of Guidance for Revised Staff Assessment
43	10	223	Prerequisites for Ocean Appraisal Scheme

Appendix Number	Chapter	Page in text	Subject
44	10	224	A Divisional General Manager's Memorandum on Staff Assessment
45	10	225	Expectations Approach
46	10	226	Discussion Paper for General Managers' Meeting June 1975
47	10	232	Attitudes and Behaviour
48	10	236	Kostick Perception and Preference Inventory (PAPI)
49	10	237	IMS Research on Assessment of Potential
50	10	238	Burton Manor Seminars 1976
51	10	244	Development and Training in Ocean
52	10	247	Management of Learning - Ivor Davies
53	10	252	Evaluation of Management Training
54	10	252	Cost Benefit Analysis
55	10	252	MDA's Approach to Development and Training
56	10	252	Management Development Programmes in Ocean 1974-80
57	10	252	Finance and Marketing Training Programmes
58	10	252	Ashton and Easterby-Smith Management Development in the Organization
59	11	281	Employee Participation
60	11	281	Manpower Planning and Career Planning in Ocean
61	11	283	Group Personnel Divisions Strategic Plan 1977-81
62	11	284	Strategic Plan 1978-82

Appendix Number	Chapter	Page in text	Subject
63	11	285	Ashridge Programme
64	11	291	Warner Burke on Management Development and Organization Development
65	11	292	MDA Interventions in Organization Development

Corrigenda

- page iv (Acknowledgements)
line 11 for 'Kirby' read 'Kirkby'
- page v (Acknowledgements)
line 7 for 'Sir Eric Shaw' read 'Sir Brian Shaw'
- page 112 last line for 'Annexe 1' read 'Annexe 2'
- page 216 penultimate line - insert 'One' at beginning of sentence
- page 271 entry number 68 for 'Stanners' read 'Stammers'
- page 284 last line - end word should be: 'of'
- page 290 line 5 - delete comma after 'business'
- page 311 line 16 - insert 'Chief' after 'Group'
- page 314 line 12 - 'replacementa' should read 'replacements'

oooOooo

Chapter 1The Challenge for an Interventionist

The study is centred on the way in which the Management Development Adviser (hereafter abbreviated to MDA) was able to apply a number of interventions in the development of human resources, through the application of new approaches to individual performance planning and appraisal, career planning and development, counselling and management training in a company which was changing from a highly centralised organization where, in 1970, "all decisions, big and small, in Ocean were taken by six or eight people at the top." By 1980 the decision-making process had been widened considerably and "real decisions were being made successfully by hundreds of people throughout the Group all over the world every day." ¹ These were the words of Sir Lindsay Alexander on his last day as Chairman of the Ocean Group on 30 September 1980. It indicated there had been some major developments in the harnessing of human skills in the decade of Alexander's chairmanship.

By 1970 the Ocean Group, as with other major international liner shipping companies, was emerging from a period of technological change - it had reached a watershed - the introduction of container shipping and the apparent demise of conventional cargo liner shipping. Writing in 1971, Kerry St. Johnston ² described the container as "an 'elixir', a unit of distribution which is about as important and permanent as the discovery of the wheel."

Having spent the first ten years, since the end of the Second World War, retonnaging its fleet, Ocean continued through the next decade, 1955-65, improving its competitive performance, both



commercially and technically; it was a period of consolidation. It lay, like other shipping companies, not at pleasant anchorage, but on an irrevocable threshold. For Ocean, 1965 was a momentous year; it was then it became a public company, completed a merger with the Elder Dempster lines, which became a wholly owned subsidiary of the Ocean Group, and also became the majority partner in a new Consortium; Overseas Containers Limited. The way ahead for Ocean's conventional cargo liner fleet was uncertain, particularly for the Far-East Trades. However, over the next decade and beyond, some major retonnaging was carried out, including the introduction of COMBO vessels which provided for cargo-carrying in containers together with conventional cargo stowage. During the early and mid 1970s there was measured optimism that there was a future for cargo liners.

However, by the late 1970s a world-wide recession forced Ocean, along with other U.K. shipping companies, to change course, by diversifying into more non-shipping activities.

Uncertainty and change in commercial activities did not stem some wide-ranging changes in the role of Ocean managers. With an increasing involvement in the planning and control of their unit businesses and activities, Ocean managers enlarged their managerial skills and decision-making capability. It was in this context that the management development function provided a new dynamic for the optimizing of human resources. As the Group Deputy Chairman, Harry Chrimes remarked to the author when he took up his new post: "there is virgin soil to be tilled to develop across the Group an awareness of the value of new thinking in efficiently managing Ocean's businesses."

The scope for change was unlimited and one of the earliest decisions to be made was the approach to establishing and fostering the growth of the management development function. As is usual, the job of management development and training adviser had to be slotted within the Group's structure. The MDA put forward a case for his function to remain within the direct control of the Deputy Chairman for an initial period of two years, but this was considered to be illogical, in the light of the establishment of a Group Personnel Division. The MDA became functionally responsible to the Group Personnel Director with a continuing advisory role directly under the Deputy Chairman. There were, over the years covered by this study, a number of dysfunctional issues that had to be resolved within the Personnel Division. Relationships between the Personnel Director and the MDA remained outwardly harmonious, but the head of the Division was never truly supportive of a function he did not fully comprehend.

What was of signal importance was the agreement by the Deputy Chairman to the establishment of a project group in October 1972 to examine and make recommendations on the activities to be launched under the aegis of the management development function. This group was chaired by Charles Lenox-Conyngham, a Main Board member and joint managing director of Ocean Liners Limited. Lenox-Conyngham was a Blue Funnel man with the appropriate pedigree, whereas the Personnel Director was an Elder Dempster man with a different pedigree. The merger of Blue Funnel and Elder Dempster Lines is discussed in Chapter 2.

The members of the project group were drawn from all the operating divisions within the Ocean Group, as it emerged in 1973, covering the shipping divisions and the non-shipping activities

established by the acquisition of Wm. Cory and Son. The group also included representatives from the Service Divisions. In all, some twelve people constituted the mainspring for some major initiatives in management development in the first three years covered by the study. Members included, in addition to Lenox-Conyngham and the MDA, the Managing Director of Ocean Mercantile Investments Limited - a main board member (he was later to become Chief Executive of Wm. Cory and Son Limited), the Chief Naval Architect and Director of Ocean Fleets, the Director of Operations and Marine Administration (Ocean Fleets Division), the Director of Port and Cargo Services, a Trade Manager (a future Sloan Fellow), two Divisional Financial Controllers, and a Divisional Personnel Director.

At the outset, the vista before the Management Development Adviser was of a large divisionalised company headed by a dynamic and powerful top team, led by a man who was action oriented with an arrogant belief in his capability of steering Ocean towards new and enlarged achievements. But there was a missing link: no well-trained cadre of managers in senior and lower echelons of management. The management development function had to be quickly responsive to challenge to enjoin its own initiatives with the course already charted by the Group, and this centred in 1973 on the introduction of strategic planning and budgetary control, master-minded from the centre, but devolving real responsibilities on operating divisions.

There was a need for the MDA to orchestrate some early responses, even before the Project Group on Management Development and Training had determined the target areas for intervention. The first action area was management training in planning skills and budgetary control. The justification for doing this was validated more by the MDA's previous experience in a nationalised industry over some twelve years,

some five years with a major U.K. multinational group, and involvement, as a course participant, in two major Business Schools, where Business Policy and Organization Studies had been core subjects in the syllabuses, than weighty experience in Ocean.

The MDA adopted a role as change agent and, at first, for one year, 1973, this was characterized by a reactive response to change within the Ocean Group, followed by pro-active change helped by the impetus of the Project Group, from 1974 onwards.

The methodology adopted was an action research response. The MDA had, during his work with Turner & Newall, benefited from opportunities to discuss an action research approach with Philip Sadler, the Principal of Ashridge Management College. In 1968 Sadler and B.A. Barry, Research Director at Ashridge, had described action research as:

"the socio-therapeutic approach where the social scientist in organizations joins with managers in analyzing and attempting to solve problems in the work situation."³

It was a template for the Ocean management development function. The MDA was conscious of the assertion by Sadler and Barry that there were drawbacks, where the action researcher became an adjunct to the social system of the organization and was seen as too closely identified with top management. The dangers implied were real in the Ocean context, but were surmounted by the MDA through a joint problem solving/open systems approach to management development. For the first management training programmes in planning skills and budgetary control, directors and senior managers in all operating divisions were consulted on the structure and content of the programme. The opportunity of intervention in their future destiny was, for many,

a strange new world, from obeisance to the fountain of wise decision-making on the quarter-deck in Ocean: the locus of top management direction and control of the Group. The changes which involved the MDA from 1973 onwards called for a high degree of trust and mutual confidence in shaping forward plans for management development, and so engaging managers in providing a new thrust and rhythm in managerial work in Ocean businesses.

During 1973 the Project Group provided the dynamic input for the first major change which is discussed in detail in Chapter 8. It embraced the introduction of individual performance planning in conjunction with the Group's strategic planning and budgetary control system. What the Project Group became was a powerful agency for determining management development interventions, for which the Group's top management echelon: the three-man Executive Committee would be asked to approve policy. Guided by the MDA the Project Group adopted the intervention theory and method expounded by Chris Argyris.⁴ The MDA was fortunate in being able to distill Argyris' conceptual thinking from personal discussions with Argyris during his visits in the early 1970s to the University of Liverpool Business School. The Director of the School, Professor Michael Bourn, had roped in the MDA as a founder member of a Management Development Committee, whose members were drawn from major businesses on Merseyside and in Lancashire. The keynote in the intervention concept is the fusion of theory and practice and the opportunities for the interventionist to be able to help plan and execute the changes and simultaneously validate the approach.

The Project Group included people who had attended major programmes at Business Schools; Lenox-Conyngham was an alumnus

of the Wharton School of Finance, two had been members of the ten-week management programme at Henley Administrative Staff College, one was a post-graduate of the London Business School, where the MDA had attended the Senior Executive Programme in 1967. The members were both contributors to and positive critics of a series of guide lines on relevant theoretical concepts provided by the MDA and integrated into Ocean's management development approaches.

The inestimable value of the Project Group was its capability of providing what Rensis Likert⁵ had described in his seminal book: *New Patterns of Management* (1961) as the "Linking Pin" function. It was through the effective engineering of upward communication of its ideas and recommendations, through Lenox-Conyngham and Colin St. Johnston to the main Board and through links by the MDA with the Deputy Chairman that policy was formulated for approval by the Executive Committee. This was done in the knowledge that the new policies would have the support of Divisions within which Project Group members played a role as front-line communicators of the management development approaches being promulgated at the centre. Each set of decisions by the Project Group was recorded in an aide-memoire, which could be used for a further level of discussion within Divisions, before implementation. The MDA provided personnel specialists with working briefs.

The study embraces a number of stages, which interlocked closely during the first seven years:

1. First initiatives by the MDA to launch a programme of management training in planning skills and budgetary control - 1973/74.
2. Implementation of new management development approaches through the interventions of the Project Group - 1973-74.

3. Establishment of a Management Development and Training Committee in 1974, which operated under the chairmanship of the Group Deputy Chairman. The committee wound up the Project Group, some of whose members joined the new Committee.
4. Review of Organization Development 1973-80.
5. Consolidation and evaluation of the first seven years' changes 1973-80.

The schema for the study includes, in the following chapters, an overview of the history of Ocean, the Group Management System, the scope of Responsibilities and Structure. This comprises Part Two of the work which relates to the framework and *modus operandi* for the MDA, when he joined Ocean in 1972.

Part Three provides an analysis of the MDA's Contingency Approach to Management Training during 1973-74. The approach derived from a study and evaluation of Strategic Planning in Ocean over the last six months of 1972, and is covered in Chapters 6 and 7.

Part Four describes and analyses the engine house of effective change; it covers the product of the explorations of the Project Group, which began by instrumenting the 'maiden voyage' - the introduction in 1974 of individual Performance Planning and Appraisal in Ocean's businesses in the U.K. and overseas in West Africa, Singapore and other Far East locations and in the U.S.A., where some Ocean businesses operated (Chapters 8 and 9).

Part Five surveys the achievements and the problem areas for the management development function. Chapter 10 covers an analysis and outcomes of the main interventionist process, effected through the work of the Project Group, which generated some dynamic responses to the ideas and proposals presented by the MDA.

A Group Management Development and Training Committee was constituted in 1974 as a Sub-Committee of the Group's Executive Committee. Whilst gaining in structural terms, as an arm of the Executive Committee, and ably controlled for its first two years by the Deputy Chairman, Harry Chrimes, it lacked the capability and commitment of its predecessor. It was not to provide the mechanism for the distillation of the increasing volume of conceptual thinking on management theory and practice. From mid-1974 the MDA had to use a modified interventionist approach, through consultation with individual members of the new committee and other managers, whose horizons had been extended through training in Business Schools and other centres. This intervention approach to ongoing change was effective, but it did not provide the incisive momentum of the project group. It meant from 1975 onwards that the MDA was much more 'on the bridge alone.'

1976 marked another change: the retirement of Harry Chrimes. The new chairman of the committee was Geoffrey Ellerton, promoted a senior Executive Director from being Joint Managing Director of Ocean Liners Limited. He replaced Chrimes as one of the top three members of the Group Executive Committee. But Ellerton was an Elder Dempster man - a mandarin with a background as Secretary to the Kenya Cabinet. A good man to help resolve conflict, but not the person to prosecute change, without lengthy deliberations. As the Personnel Director had joined the new committee, set up in 1974, it meant the balance had tipped towards the Elder Dempster style of management: competency matched by minimum risk. The loss of Blue Funnel dominance was extended further by the secondment of Ocean's heir apparent - the leading 'student prince': Nicholas Barber to the British Enterprise Board. However, the Group was still

commanded by its outstanding leader: Sir Lindsay Alexander.

By 1975 the impact of men from the old Cory Group was infiltrating into the corridors of power in Ocean's India Buildings.

In some ways the Group's culture had begun to reflect the wider influences of people who had not been blooded through the management succession approaches of India Buildings in Liverpool, which remained throughout this study as the principal headquarters of the Group.

Part Five covers the role of Management Development during a period of organizational change during the 1970s which was a time when the impact of inflation, oil crises, the approach to industrial democracy and, within Ocean, the introduction of a new system of salary administration based on the HAY-MSL approach, were providing other areas of concern. Additionally, a large investment in computer-based Management Information Systems was making extra calls on top management time. The management development function had been given three years to establish a meaningful role in the Ocean Group.

For the future, it had to operate within a service context, i.e. earning a revenue from participating divisions, apart from budget provision, from central administration sources for non-recoverable costs. This part includes discussion and an evaluation of the Group Management Training Programme.

Part Six deals with Organization Development and the role the MDA played in this.

Part Seven sets out Conclusions and a short epilogue on Ocean in the early 1980s.

The Way Ahead

From an initial audit of managerial competence it was evident that though the Ocean Group had been a recognized leader among U.K. shipping companies, there had been only limited overtures to management education for senior and middle managers. This was a situation not dissimilar to other major shipping companies in the U.K. Overall, shipping companies had done little to develop managers in managerial skills, in the application of information systems or in the use of behavioural approaches. One exception was the P. & O. company which had commissioned Harbridge House (Europe) to conduct a series of management development programmes in 1971. They were not to be asked to conduct 'a total package' for Ocean. The MDA realized he had operational command of a new 'ship' called management development.

There was an ominous number of authoritative texts and journal articles to be studied if Ocean's management development approaches were to be supported by an intellectual cogency, acknowledged as relevant both within and outwith Ocean.

The MDA found a useful model which he used for guidance briefs for the Project Group in the Abstract included with the book by Paul R. Lawrence and Jay W. Lorsch⁶ on Organization and Environment. There were other expositions on contingency theory - the situational or open systems approach^{7 & 8} to management, which was to subsume the management development function in Ocean through the 1970s.

As the study examines two major processes: management development and organization development which, with their related sub-processes, form an interlocking whole, there is some repetition of data in the individual chapters. This has been kept to a minimum consistent with contextual relevance and the reader is asked for his/her indulgence.

References

1. Lindsay Alexander's farewell as Chairman of the Ocean Group -
Ocean Mail, October 1980
2. Kerry St. Johnston: The Six Year Revolution (Ocean Journal 1971)
3. P.J. Sadler and B.A. Barry: Action Research in a Small Firm
(Journal of Management Studies 1968)
4. Chris Argyris: Intervention Theory and Method
(Addison-Wesley 1970)
5. Rensis Likert: New Patterns of Management
(McGraw-Hill 1961)
6. Paul R. Lawrence and Jay W. Lorsch: "Organization and Environment -
Managing Differentiation and Integration"
(Harvard 1967)
7. Robert J. Mockler: "Situational theory of management"
(Harvard Business Review May/June 1971)
8. Daniel Katz and Robert L. Kahn: The Social Psychology of
Organization"
(John Wiley 1966)

PART TWO PROFILE OF THE OCEAN GROUP, ITS CULTURE AND MANAGEMENT STYLE

Chapter 2 The First Hundred Years

The history of Ocean over the past one hundred years is linked with names which have become famous in the annals of British shipping. Names such as Holt, Elder, Dempster, Mansfield, McGregor and Cory are among those who, together, forged the Ocean Group, which became a public company in 1965 with the merger of the Blue Funnel and Glen Lines with the Elder Dempster Line and, in 1972, with the acquisition of Wm. Cory & Son, emerged as Ocean Transport & Trading Limited in 1973.

The Blue Funnel Line was started by the Holt brothers Alfred and Philip and in 1865 they founded the Ocean Steam Ship Company. The Holts were the first to use steamships in the Far East trade. Three ships were used for the start of Ocean's trading with China. The new company expanded its operations following the opening of the Suez Canal and with the help of its agents in the Malay Peninsula, on the China coast and later, in 1890, with its Australian connection. In 1891 Ocean formed a wholly-owned Dutch subsidiary Nederlandsche Stoomvaart Maatschappij 'Oceaan' to trade with the Dutch East Indies. This connection was retained until recent times. With its acquisition of China Mutual Steam Navigation in 1902 Ocean laid the foundations for Blue Funnel's interest in the North American trade as well as in developing liner trades in the West and South Pacific.

Prior to the outbreak of the 1914-1918 War the Blue Funnel Line had 62 ships. Not only was the fleet being continually enlarged, but Ocean expanded inshore installations both in the UK and overseas and invested in new marine technology. This latter facet has been a major feature of Ocean to the present-day and explains why the Group has retained its position as a major shipping company, both in trading terms and in shipping technology.

The Ocean Group lost sixteen of the Blue Funnel Line ships during the 1914-1918 hostilities and another 29 were badly damaged. The retonnaging in the early twenties saw the launching of 28 new ships including four first class passenger liners for the Far East service. The beginning of the thirties saw the opening of Ocean's new Liverpool headquarters in India Buildings. These headquarters were damaged in the 1939-1945 war, but were restored and, today, feature as one of the finest commercial office blocks in Liverpool, *vide* Figure 1 page 16.1.

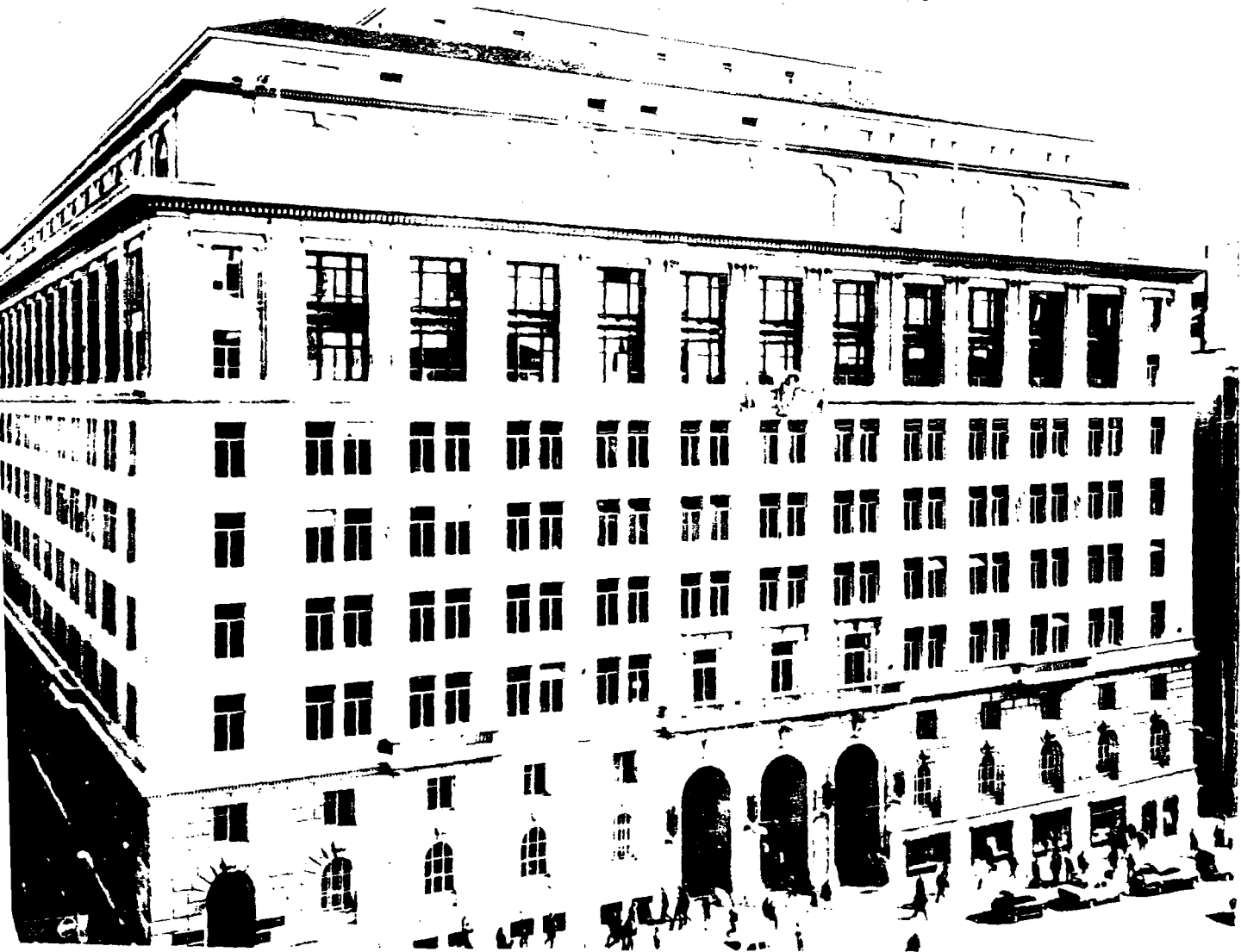
Of particular significance during the first half of the century was the part played by the Holt family. It was the story of men imbued with a sense of adventure, skill and entrepreneurship in the opening up and development of international trade. What these men did for the steamships of the Blue Funnel Line in the hundred years 1865-1965 has been continued by their successors. Changes have seen the age of steam give way to oil-fired ships and conventional cargo liners have been replaced by container-ships, bulk carriers, product tankers, chemical carriers and container/general cargo ('combo') ships, together with tugs, dredgers, barges and offshore supply ships.

As part of its expansion Ocean acquired other shipping lines. Of those trading with the Far East the acquisition of the Glen Line in 1935 was an important landmark in Ocean's history. In 1911 the Glen Line was formed from the Shire Line founded in 1861 by a Welshman David Jenkins, and the original Glen Line founded in 1869 by James McGregor of Glasgow. It was during the period of this study that Glen Line ships were withdrawn from service with the Ocean Group.

Among the other notable developments was the link with the Singapore-based company of W. Mansfield & Co. which merged after the 1939-1945 war with the Straits Steamship Company in which Ocean has a majority shareholding.

Figure 1

INDIA BUILDINGS LIVERPOOL



The Singapore-based company is, today, engaged in shipping, transportation, engineering, property development, oilfield services, data processing and insurance broking. It provides the UK-based businesses with a gateway to the Far East.

It was during the latter part of the nineteenth century that the Elder Dempster Lines established trading links with West Africa. It was a co-founder with the Woermann Line of Hamburg in the formation of the West African Shipping Conference in 1895. The present-day organization of the United Kingdom West Africa Lines (UKWAL) continues to provide for commercial links between the operating lines which now include the national lines of Ghana and Nigeria.

The history of Elder Dempster followed a parallel course with the Blue Funnel Line during its early years. Where the Holts dominated the development of the Blue Funnel Line, Sir Alfred Jones was the key figure in Elder Dempster until his death in 1909. Whereas there were changes in ownership, the commercial policies laid down by Jones have continued to feature in the trade with West Africa. Many ships were lost during the 1914-1918 war and again during 1939-1945. In World War II, Elder Dempster was closely associated with the Royal Navy, performing a role for the government as well as the trade of British West Africa.

The period after 1945 was one in which the Blue Funnel and Elder Dempster Lines concentrated on retonnaging both the cargo liner fleet and, in the case of Elder Dempster, the building of three passenger ships. It was a sad day for many people when the last of these ships, the 'Aureol', was sold in October 1974, with passenger ships replaced by air transport, thus ending a service stretching back a century.

The Ocean Steamship Company had become the largest single shareholder when the Elder Dempster Lines Holding company was formed in 1936. In 1965 Elder Dempster Lines merged with the Ocean Steam Ship Company, becoming a wholly-owned subsidiary.

The year 1965 not only marked the centenary of the Ocean Steam Ship Company, it was also the time when it joined forces with other major UK shipping companies to set up a consortium - Overseas Containers Limited - to develop containership liner trades.

The involvement of Ocean in marine technology had ensured it was favourably placed to exploit new developments in tanker shipping, bulk carriers, product tankers, chemical carriers and VLCCs (very large crude carriers).

1965 marked a watershed in the history of Ocean. It was also the year in which Ocean became a public company.

Additional to Ocean's involvement in the formation of Overseas Containers Limited, it linked in 1969 with P & O to form Panocean Shipping & Terminals, to operate parcel tankers and storage installations for bulk liquid chemicals, edible oils and minerals. This company has major commercial ties with Unilever.

The acquisition of Wm Cory & Son in 1972 marked the end of a period of uncertainty, when Ocean was prey to predators seeking to acquire good assets.

1972 marked the end of the Ocean Group's UK activities as solely concerned with shipping, apart from its venture into air freight in 1968 and the formation of McGregor, Swire Air Services Limited. From the mid-seventies it has expanded its non-marine activities and is involved in surface transportation and distribution.

The early seventies saw the reorganization of the Group's management structure and the introduction of strategic planning.

Mid-1972 was the time when the author joined Ocean to open a new chapter in the introduction of a management development function for Ocean's UK and overseas services. The organizational structure for Ocean in 1973

is shown at Appendix 1. The scope of Ocean's Businesses in 1976 and the related divisions are shown at Appendix 2 and the Organizational Structure in 1976 is set out at Appendix 3.

Chapter 3Culture and Management Style of the Ocean Group

For a hundred years - 1865-1965 - the dominant characteristic of the UK shipping companies was identified with the role played by the partners. They owned the major assets and their entrepreneurship and skill guided the fortunes of their business enterprises. The partners worked together in a closely-knit team, more often than not operating from a common 'quarter-deck' - a large open office with the partners' desks in 'line ahead'. In the case of the Ocean Steam Ship Group in 1972, the Group's Chairman, Deputy Chairman and Executive Directors worked within easy ear-shot of each other, supported by a team of 'acolytes' with their row of small desks opposite those of the partners. In sociological terms the fount of decision-making - the 'quarter deck' - facilitated an immediacy of inter-face which ensured, at top management level, an organic system to get things done. The supporting levels of management and administration performed to the mandate of the 'quarter deck'. The 'climate' of the Ocean Group at the end of the 1960s was one of a 'top-down' organization, autocratic, but benevolent. There was a minimum of decentralization in the managerial structure. To talk about organization in 1965 was obviously not as useful a study as finance or the marketing aspect of shipping. But, as Rosemary Stewart wrote in her book 'The Reality of Organizations' in 1970 - 'managers have organizational problems as well as financial and marketing ones.'¹ This was to be acknowledged by the Ocean Group who, in 1970, commissioned the Boston Consulting Group to examine and make proposals on the Company's organization structure and management system. At the same time another consulting group, Harbridge House (Europe), were engaged to assist in developing the strategic planning process. Both consulting groups completed their original assignments before the acquisition of the Cory Group in May 1972.

At this juncture the MDA would opine that, when he joined Ocean in 1972, he was unable to denote any clearly integrated information flow between the reorganization of the Group's Management System and Structure and the Strategic Planning and Budgetary Control System. They appeared at managerial levels below Board level as unrelated changes. It suggested that Ocean was inaugurating a planning system without having thought through its relationship with the overall organizational strategy, structure and process. The inauguration of strategic planning drew its inspiration from the then Deputy Chairman, Lindsay Alexander who, in 1969, was directing a Commercial Development Team, evaluating new business opportunities. The strategic planning system was the responsibility of one of its 'student princes' who had recently returned from a two-year course at Columbia University's Business School.

Whilst the findings of the Boston Consulting Group contributed in ideas to the reorganization of the Ocean Group into a series of decentralized operating units, their work on preparing draft job descriptions did not pre-empt the development of individual performance planning. It suggested a large outlay in consulting fees for recommendations which were not attuned to the immediate future requirements of Ocean. A remark made in 1979 to the MDA by the Chairman and Chief Executive of another major U.K. shipping group that Ocean and P. & O. had not benefited greatly from their consultants appeared, in retrospect, to be borne out. Certainly, the acquisition of Wm. Cory and Son by Ocean in 1972 altered the overall cultural pattern of the new Group. The Chairman's view that the structure of Ocean was flexible and so capable of ready adjustment to changing circumstances was not immediately confirmed by the time and effort involved, some two years, in integrating

the Cory businesses with Ocean's management style. The achievement in integrating Ocean's new businesses with the shipping activities owed much more to the energy, skill and enthusiasm of a liaison team directed by Nick Barber (the heir apparent to lead Ocean in the 1980s) than to any precepts on organizational structure propounded by the Boston Consulting Group; discussion on this topic is included in Chapters Four and Five.

Seen in retrospect, it was through the personalities which figured in Ocean's top management that one found the mainspring of Ocean's business culture, not in any fabricated management system. The managerial culture of the Chairman and his top management team had to be understood before any management development approaches could be launched. Whilst the Group had moved rapidly towards a management system of decentralized units, the dominant role of the Chairman in the Executive Committee pervaded the whole organization. The characteristic of the lead role in the Group culture in 1972 was, using Charles Handy's analogy to the Greek Gods,² the patron god Zeus with Apollo as the collective arm of the three-man Executive Committee (Group Chairman, Deputy Chairman and Senior Executive Director). Of some historical interest was the decision of Alfred and Philip Holt to give their ships Homeric names, for to them the Odyssey was the finest adventure ever written. From the first Agamemnon, launched in 1865, the Blue Funnel Fleet adopted the ancient Greek heroes. For management development in the Ocean Group of 1972 onwards it was not, alas, an Odyssey with its happy ending and romantic view, but rather the more uncertain Iliad which predominated.

The period 1972-1980 was one in which it was necessary to adjust continually to the uncertainties of the economic, political and social scene. It was a case of journeying with the Muses to take a cold hard look at the future and adapt to change.³

Putting aside the relevance of Greek mythology, Ocean, in spite of difficult times in international shipping and the downturn in world trading in general, succeeded in changing from a singularly successful shipping company into a diversified transportation and trading company, wherein its strengths in shipping coloured its management style, and the Chairman led the Group with all the enthusiasm, singlemindedness and skill of his predecessors.

Whilst the managerial culture of the top management team was the mainspring of Ocean's management style, the management system and structure played an increasingly important part in providing the essential framework for management action at all levels of the Group. It could be argued at the beginning of this study that the management system and structure of the Ocean Group was akin to what Burns and Stalker⁴ denote as a mechanistic system, but the intention of the Ocean Board was to provide a structure that was flexible and so capable of ready adjustment to changing circumstances. The MDA found little evidence to suggest that members of the Board had made any rigorous study of current thinking on contingency theory, but it was clear that the policy of intent in the Board's statement of 1974 on Ocean's management system and group structure embraced some of the precepts underlying the approach of Jay W. Lorsch and others.⁵

The following chapter aims to set Ocean's management system and structure in context with some of the better known writings on organizations.

References

1. Rosemary Stewart: 'The Reality of Organizations'
(Macmillan 1970)
2. Charles Handy: 'The Gods of Management'
(Pan 1979)
3. Charles C. Snow: 'The Role of Managerial Perceptions in
Organizational Adaptation : An Exploratory Study'
(Academy of Management Proceedings August 1976)
4. Tom Burns and G.M. Stalker: 'The Management of Innovation'
Chapter 6
(Tavistock 1961)
5. Jay W. Lorsch and John J. Morse: Organizations and their members :
a contingency approach'
(Harper and Row 1974)

Chapter 4 Ocean's Management System

Reference has been made on page 20 to the commissioning of the Boston Consulting Group to advise on the organizational restructuring of the Ocean Steam Ship Company. From the papers examined by the author there was a disappointing databank from which to structure a management development system, which would be congruent with the Strategic Planning and Budgetary Control System, as set out in a manual in September 1972.

The structure of the Group in 1972, whilst it embraced some of the recommendations of the Boston Consulting Group, was essentially a new framework, as it now included the recently acquired businesses of Wm Cory & Son.

The first edition of the Group's statement¹ on the management system and group structure was issued on 1 May 1974. The recipients of the statement were limited to top and senior management. Quoting from the statement, it said it was : 'a considered and deliberate Board policy, and is at the same time both a manual and an instruction to each recipient to implement it.'²

The Manual was in three parts, the 'Red Book' containing :
PART I The Management System PART II Responsibilities and Structure,
and PART III, containing Group Policy Papers in a 'White Book'. This separation was interpreted as an indication of the Board's unwillingness to make policy decisions known among management staff generally. Here was one problem that confronted the author in his role as Management Development Adviser. Having determined, with the help of the project group and subsequent approval of the Board, to launch a management development programme embracing individual performance planning and assessment, in conjunction with business planning, it was logical to allow a wide span of managerial staff to learn about the Group's

policy statements, especially those which affected business planning. Two years later, on 1 May 1976, a second edition of the Group's Management System and Structure was issued and this included the Policy Papers. This signalled an important step forward in a more open system of management. Steps were taken immediately to incorporate a study of the relevant Group Policy Papers on management courses.

To return to the 1974 manual, there was a more immediate and significant statement for the management development function. The relevant paragraph stated:

"The Red and White Books should be read in conjunction with the Blue Book circulated on 6 September 1972 which is a more detailed manual on the operation of the Strategic Planning and Budgetary Control system, itself an integral part of the new overall system of management." ³

Here was the explicit recognition of the interdependence of the planning subsystem within the overall management system. It was the absence of this conjunction which had been noted when the MDA joined Ocean in 1972. Not without significance, the training programmes on planning skills which had been introduced in 1973 emphasised the inter-relationships between the planning process and the management system. Thus, the management development function had assisted in establishing the legitimacy of the integrated system. There were pockets of resistance, notably amongst the team of Group Strategic Planners, young men with Master's Degrees in Business Administration and well-schooled in the 'mysteries' of Business Policy, but reluctant to see how the variables in economic and marketing planning interacted with organizational variables. It was not until 1975 that the 5-Year Plans included manpower plans, forming part of organization development, and thus ending a myopic view on organizational effectiveness being dependent on economic and marketing variables alone.

Adverting once more to the 1974 manual, the Chairman's statement included reference to Job Descriptions which were to be treated as "essential supplementary information and available separately by Divisions according to their several requirements." ⁴ In effect, the position in 1974 was an unsatisfactory one. The Liverpool-based divisions had continued to use the Boston-type job descriptions, whereas the London-based Cory businesses, which had adopted the HAY/MSL salary system, were using job descriptions more appropriate to a system embracing individual performance planning. But, in neither part of the Group was the job-holder sufficiently involved in the preparation of his/her job description. It was not until 1976 when the Group, as a whole, adopted the HAY/MSL system that steps were taken to modify the job descriptions, involve individual job-holders and, in so doing, make them inter-relate effectively with the individual performance planning and assessment system. (This is discussed more fully in Chapters 8 and 9. Examples of the old (Boston style) and new job descriptions are at Appendix 5 Annexes 1 - 7.

The final part of the Chairman's introductory statement in the 1974 manual stated :

"The structure is flexible and so capable of ready adjustment to changing circumstances. The manual will therefore be modified from time to time, both as to the functions of businesses, the boundaries between them, and the number, type and content of the Job Descriptions. Whilst modifications will be made at any time, as necessary, divisional plans should review divisional structures each year and should make recommendations for amendment if required." ⁵

Clearly, the Board acknowledged that the structural framework of Ocean's organization had to be formalized into a recognizable and workable system; one that was capable of ready adaptation. At the time this study was concluded in 1980, the basic framework had remained stable over the first eight years, though changes in divisional alignments occurred.

What of the nature of the organization structure and to what extent was it modelled on current theory and practice?

An unforgiveable sin in Ocean was intellectualizing on the management system and structure. Whilst acknowledging that the Boston Consulting Group had 'played-in' some tried precepts promulgated by writers on organization theory, the discussion on organization was centred on the logistics of the structure in context with Ocean's needs, not the findings of theorists. But much can be achieved by careful distillation of conceptual theories.

An opportunity must be taken at this juncture to discuss the writers who influenced the MDA's approach, as much of his work in the updating of the management system and structure, during the final three years of this study, applied the findings of earlier experiences and the study of some theoretical and conceptual issues highlighted by American and British writers.

The first experience the MDA had of industrial organizations was in Piedmont and Liguria in post-1945 Italy. The business enterprises with which he worked included Fiat and Olivetti, both dominated by family dynasties, and the Ansaldo Shipyards in Genoa. The former two evinced the general characteristics of family businesses in the United Kingdom, where entrepreneurial leadership by a close-knit clan predominated. The managerial revolution had not reached these enterprises in 1950, though the managerial thinking and practice of USA businesses were beginning to infiltrate the Boards of many such businesses.

In the case of the shipyard in Genoa there was a greater degree of formal organization, predominantly bureaucratic and, in 1948, with a minimal amount of devolution of control. Such change as there was in organizational structure stemmed from political pressures rather than managerial innovation.

Returning to the United Kingdom in 1953, the author's industrial milieu was the coal mining industry, nationalized but remaining an admixture of a large number of collieries, grouped much as they had been under their former coal owners. In December 1953 the National Coal Board invited a Committee of distinguished businessmen :

"To consider the organization of the National Coal Board and to make recommendations to the Board." ⁶

It was the author's first experience of an in-depth study of organization and methods of working. It embraced a study of the role of Board members, NCB Headquarters, the Divisions, Areas and Groups. In 'devilling' for one of the Committee members, the author was able to witness the operation close to the centre of the deliberations. The Report of the Advisory Committee on Organization of February 1955, better known as the Fleck Report, was to provide the pattern for the industry for over a decade until economic and marketing considerations necessitated another major 'surgical' operation on the organization of the NCB.

The main lesson learnt from the Fleck Report ⁷ was the need to concentrate on the reality of the organizational structure and process rather than pursue arid discussion on a conceptual framework, and to identify the mainspring of organizational effectiveness.

There were times when one could identify some of the thinking of Chester Barnard in his 'Functions of the Executive' ⁸ and Herbert Simon in his 'Administrative Behaviour' ⁹ but such linkage was implicit rather than explicit. There was some discussion on Henri Fayol's 'General and

Industrial Management' ¹⁰, but interest in his principles stemmed more from his having worked in the mining industry than any conviction that his ideas were applicable to the NCB. Later, one read in Burns & Stalker ¹¹ that "Fayol's definitions of management, organization, and so on, amount to no more than a thesaurus of synonyms, but the visible symbol of formal organization - the organization chart - originates with him and remains, along with the 'organizational manual' of job descriptions, the chief instrument of industrial organization." This effectively portrayed the situation in the NCB in 1954 as it was to repeat itself some twenty years later with the Ocean Group in 1972.

The value of the findings of the Fleck Committee lay in two significant statements, which were to influence the author in his work with Ocean.

Firstly, the Fleck Report said :

"The Board must ... establish for management new standards of performance, since in a big undertaking, however much its products compete with those of others, financial profits and losses are not by themselves a sufficiently delicate instrument for measuring the success of particular units." ¹²

Such guidance was to influence the way in which individual performance planning was developed in Ocean post-1974. Secondly, and of greater impact in the Ocean context, was the Fleck Report's belief that :

"The prime necessity for the success of any large undertaking is the constant exercise of leadership at the highest level." ¹³

Such necessity was ably exercised by Ocean's Chairman during the period of this study; it is a *sine qua non* of effective management of any major enterprise.

In the past twenty five years there has been a profusion of writings on leadership. Its importance cannot be doubted, but as a topic

in management its elusive qualities have generated more debate than most aspects of management. There is no acceptable calculus for managerial leadership, but from Moses to Machiavelli and from Field Marshall Alexander to Margaret Thatcher, men (women too) have sought to determine the alchemy of their success. Noel Hall, when Principal of the Administrative Staff College, required of all course members that they prepare an essay on one of the great leaders of history. This was relevant in the context of organizations based on a closed-system - a hierarchical chain of command, within which the individual leadership of the top man was crucial. It has much less relevance in an open-system - a contingency approach to management.

One had to debunk the damage done in a much quoted speech by Lord Slim in 1957, when he said:

"There is a difference between leadership and management. Leadership is of the spirit, compounded of personality and vision; its practice is an art. Management is of the mind, more a matter of accurate calculation, of statistics, of methods, timetables and routines; its practice is a science. Managers are necessary; leaders are essential."

What one had to do to effect a major behavioural change in Ocean was to demonstrate that leadership is an integral part of every manager's job. It is the means by which a manager can influence the behaviour of his team towards achieving planned results. What was unfolding in the Ocean Group in the 1970s was a move from an autocratic benevolent leadership style towards a consultative style.

If Ocean managers were effectively to manage their leading role had to be expanded, especially in the decision-making activities of management.

Whilst it would be true to say that Ocean's managerial philosophy was dominated by almost unlimited faith in the potential excellence of its 'student princes', there were signs in 1972 that the Board were prepared to provide career development for others than the few chosen Oxbridge men who predominated in the higher echelons of the Group. The top management of the Cory Group, acquired in 1972, did not all claim to have roots in such halls of academic excellence.

The emergence of the new managerial pattern in British businesses - the professional manager - has only recently penetrated shipping companies. In some ways the top management of pre-1972 Ocean could be compared with the gifted and brilliant 'mandarins' who stalk the corridors of Whitehall, with the added quality of entrepreneurship. But these qualities are individualized to a high degree and the top shipping executive is not the obvious choice to manage a highly formalized organizational structure. Notwithstanding this limitation, such executives were entrusted with the development of Ocean's management system and structure from 1972 onwards. For some in the Ocean Group the trauma of change was too great a challenge; they remained wedded to the old philosophy of the individualized pattern; two are no longer members of the Board. It might have helped their adaptation to modern managerial patterns if they had read Burnham's 'Managerial Revolution'.¹⁴ Written thirty years before the emergence of the 'new' Ocean in 1972, this book can provoke a meaningful response to the managerial society of today. It helped the author as a manager in the NCB and in his subsequent roles.

As the Ocean management system inaugurated in 1974 was a key factor in determining the scope and nature of the management development approach, further discussion on its form and process is necessary.

The Ocean Board recognized that the Group had become too large and too diverse to be managed and controlled by the direct involvement of a single small group of executive Directors. 1972 was the year when the old 'dynastic' system ceased to chart and control the destinies of Ocean, but it was a whole span of seven years on from 1973 before one could record the end of a dynasty. This occurred when Sir Lindsay Alexander retired as Chairman in September 1980 and was succeeded by a non-Ocean Steam Ship Company man.

The reality of organizational change in 1973-1974 was the organization of the Group into a series of decentralized operating units, which were to be as self-sufficient as possible, with Strategic Planning and Budgetary Control linking the operating units together into an effective Group.

The new management system required of central management that it understood, coordinated and controlled the operations of the Group, but delegated responsibility for actual business analysis and operations to others. In this one can find echoes from writers such as Alvin Brown¹⁵ in his book 'Organization - A Formulation of Principle' and Chester Barnard - 'The Functions of the Executive.' The foundations of the Ocean Management System connoted with the administrative theorists such as Lyndall Urwick and Luther Gulick¹⁶ and the organization theory of James D. Mooney and Alan C. Reilly¹⁷ in their book 'Onward Industry' written in 1931.

Certainly the Ocean Management System tended to reflect mechanistic structural prescriptions, notwithstanding the aim to provide for flexibility and hence adopt a contingency approach. But, insofar as a contingency approach can embrace the relevant elements of classical organization theories, Ocean was moving with the exponents of modern management theory. It was as Alvin Toffler¹⁸ says "producing a form of organization appropriate to its own tempo", but Ocean's Management System did not subscribe to

Toffler's predictive organizational 'Ad-Hocracy' and it did not accept the prognosis of Warren Bennis¹⁹ writing on the 'Coming Death of Bureaucracy'. Whilst not replete with reference to classical organization theory, it evinced many of the characteristics of a relatively stable system, associated with conceptual theories of the first half of the twentieth century.

Ocean provided for four management groups:

- "1. The Board of Directors, which set policies for the Group, and which understood and accepted responsibility for the overall direction of the Group.
2. An Executive Committee of the Board, which was the focal point for Strategic Planning, Resource Allocation and Control.
3. Operating Unit General Managers, who were responsible for developing and implementing plans for all aspects of particular businesses.
4. Corporate Staff who assisted the Board in the formulation and monitoring of policies; assisted the Executive Committee in controlling the decentralized operations; and performed functions which related to the management of the Group as a whole rather than its component businesses." 20

Here one can find an echo of the traditional 'Line and Staff' organization. There is much in the above groupings which calls to mind the findings of the Fleck and Herbert Reports of the 1950s.

Ocean recognized that its new system had some disadvantages compared with one in which a small group can make all the central decisions and still be active in operations. It required more people, more paperwork,

less direct communication and, therefore, more cost, but it allowed Ocean to expand its sphere of activities by the addition of extra operating units, without altering the basic structure.

For the management development function it required a wide-ranging familiarization with unit businesses and their specific problems, as well as an understanding of the Management System as a whole. The latter required central management to coordinate the operations of the unit businesses to the best advantage of the Group as a whole. This was effected by central management controlling the flow of resources between the unit businesses or operating units. The twin function was to:

- (i) develop the resources (human and material) for the Group, and
- (ii) allocate these resources to the operating units as effectively as possible.

For the management development function, this called for a meaningful contribution in the development of human resources in the ongoing work of the unit businesses and the implementation of an effective career planning system.

Ocean's new system of management provided for the central management function to be performed by the Board of Directors assisted by its Executive Committee. The Ocean Board included Executive Directors who, as General Managers, had direct responsibility for the operations and results of parts of the Group and Directors whose principal focus was the Group as a whole. It was from this number of those not involved in day-to-day management of specific businesses that the Executive Committee was drawn. It was the driving force in the Strategic Planning and Budgetary Control process, and in the development and assessment of plans for possible new businesses.

It was clear to the author, at the outset of his tenure of the post of Management Development Adviser, that direct support of the latter's role by the Executive Committee was a prerequisite to the launching of an effective management development function. Equally important was the liaison with the General Managers, the most senior of whom were responsible for a number of Operating Unit General Managers and known as General Managers of Divisions. The operating divisions in May 1974 are shown on Figure 2, Page 37 .

Each General Manager had responsibility for the management of all aspects of his business, and was accountable for its results within the constraints laid down by the centre.

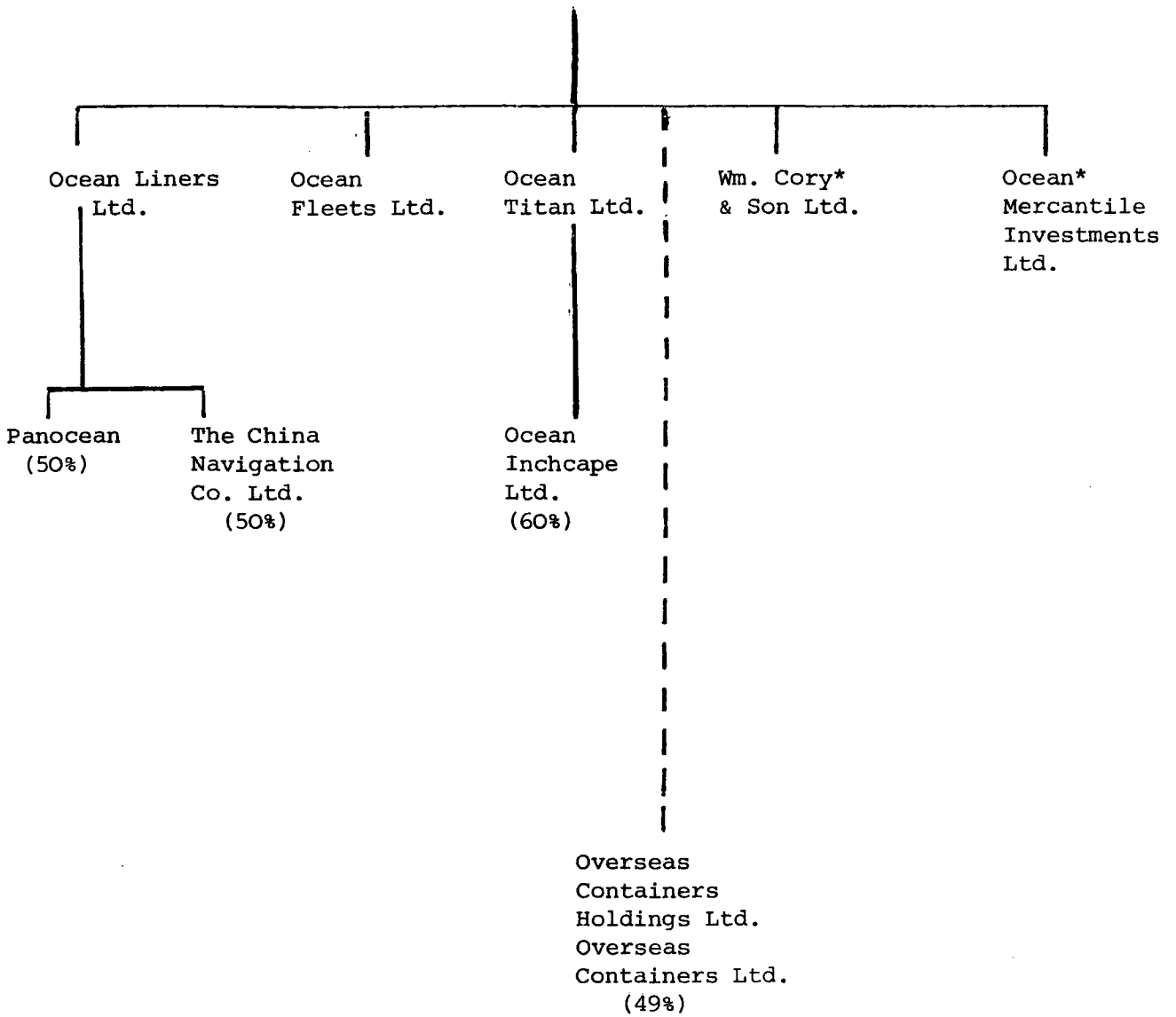
There were three aspects which Central Management required to be met by General Managers:

- (i) That he understood the competitive environment in which his business operated, and could therefore help develop strategic plans for it.
- (ii) That he carried out the plans approved by the Board.
- (iii) That he managed the people in his business or Division effectively.

Whilst the first two requirements predicated the basic link in the strategic planning and budgetary control system between the General Managers of the decentralized businesses and the centre, the third requirement pre-empted the management development system. The latter was to be seen as creating a long-term perspective of career planning, insofar as General Managers were involved in strategy formulation, an element of which was succession planning. Additionally, the General Manager's responsibility for effective operations called for the optimal managing of resources -

OCEAN GROUP 1974

OPERATING DIVISIONS



* merged in 1975

human, physical and financial, in the achievement of current business objectives, and in context with this, the management development process in Ocean was geared to the optimization of human resource management, in relation to current job performance.

Analoguing the findings of Argyris²¹, Ocean in 1972 was in a turbulent transition and the management development interventionist needed to examine carefully the implications of change, the most important being the introduction of an individual performance planning system. The move towards a greater involvement of individuals in the planning process presented a new challenge, as managers began to think about the dimensions which Abraham Maslow identified as personal growth and self-actualization.²² It pointed a way ahead significantly different from the days when the partners in Ocean retained for themselves the decision-making responsibilities. It was acknowledged to be an organizational change but, as Argyris says, "the non-linear movement of such a change would make it difficult to measure its effectiveness accurately." So it proved in the Ocean context. Over the first three years of the performance planning process (1974-1977), the Management Development Adviser monitored the individual performance reviews and arranged a series of one-day and two-day seminars for senior and middle managers. Whereas the top management of the Group were satisfied with the relevance of performance planning to unit businesses, individual managers expressed reservations. Some were unhappy at having their job roles critically assessed. It was recognized that the new system provided for modification in the organization's underlying norms, policies, and procedures. This created an uncomfortable situation, especially for Liverpool-based managers who had, for so long, been operating in what Argyris²³ calls a 'set of vested organizational norms.'

References

1. Group Management System and Structure. May 1974.
2. *ibid*
3. *ibid*
4. *ibid*
5. *ibid*
6. 'National Coal Board Advisory Committee on Organisation'
(The Fleck Committee). December 1953.
7. Fleck Report, February 1955.
8. Chester Barnard : 'Functions of the Executive'. (Harvard 1938).
9. Herbert Simon : 'Administrative Behavior' (Macmillan 1957).
10. Henri Fayol : 'General and Industrial Management' (Pitman 1949).
11. Tom Burns & G. M. Stalker : 'The Management of Innovation'
(Tavistock Publications 1961).
12. Fleck Report p.7.
13. *ibid*
14. James Burnham : 'The Managerial Revolution' (Indiana University
Press 1941).
15. Alvin Brown : 'Organization - A Formulation of Principle'
(Hibbert, New York 1945).
16. Lyndall Urwick and Luther Gullick, eds. : 'Papers on the Science
of Administration' (IPA New York 1937)
17. James D. Mooney & Alan C. Reilly: 'Onward Industry' (Harper 1931).

18. Alvin Toffler: 'Future Shock' (Bodley Head 1970).
19. Warren G. Bennis: 'The Coming Death of Bureaucracy'
(Think Magazine IBM 1966).
20. Ocean Management System and Structure.
21. Chris Argyris: 'Management and Organizational Development'
(McGraw-Hill 1971).
22. Abraham Maslow: 'Motivation and Personality' (Harper & Brothers 1954).
23. Chris Argyris: 'Organizational Learning: A Theory of Action
Perspective' (Addision-Wesley 1978).

Chapter 5Responsibilities and Structure

As indicated in the previous chapter Ocean adopted, if not overtly, certainly by inference, a classical approach to its formal organization; traditional organization charts were used to illustrate reporting relationships and job descriptions were prepared to cover the responsibilities of those identified in the organizational charts. The job descriptions prepared in association with the Boston Consulting Group in 1972 were replaced in 1976 onwards by job descriptions which facilitated their incorporation in a system of performance planning and review. The comparison between the two types of job descriptions is illustrated in Appendix 5 Annexes 1 - 7.

The central management system revolved around the Executive Committee - a three-man top executive team, comprising the Chairman, Deputy Chairman and a senior Executive Director. During the period covered by this research study the Executive Committee acted as a standing committee of the full Board. Its principal functions included:

- central direction for the profitable operation of the Group
- leading the search for new businesses and alternative approaches to existing businesses
- reviewing and assessing the strategic plans developed by each General Manager
- recommending the Corporate Strategic Plan to the Board for approval
- delegating responsibility for the implementation of approved plans to Operating Unit General Managers
- recommending the Group's overall financial policies to the Board

- reviewing, questioning and approving the annual budget for each operating unit
- reviewing, quarterly, the performance of Operating Unit General Managers against their plans and budgets
- maintaining personal acquaintance with senior executives throughout the Group and evaluating their performance
- selecting senior executives
- planning the development of future management
- coordinating Group policy towards key customers, partners, competitors, Governments and other official bodies and keeping the Board informed.

The planning and financial aspects were a major part of the Executive Committee's sphere of responsibility. The reality of the human resource management was evidenced by the continuing concern with people problems, at each weekly meeting of the Executive Committee. But, the emphasis concerned senior executives; the responsibility for middle management rested, primarily, with the Unit General Managers. The coordination of the managing of human resources devolved on the Personnel Division, which was responsible for:

- helping the Executive Committee to plan the careers of the future senior management of Ocean
- making sure that sufficient people with the skills needed to implement the strategic plans of the Group were developed internally or recruited
- making sure that there was always a flow of people between different parts of the Group, in order to promote personal identification into the Group as a whole.

The above represented the general objectives of the management development function, together with the following important aspects of the role of the Personnel Division:

- advising on organizational structures and organizational development
- helping the Executive Committee to coordinate employee relations within the Group and to advise on changing trends in this field
- recommending training development programmes which would encourage individuals to contribute to the success of their businesses.

Whilst the main task of managing the human resources of Ocean fell not on the Personnel Division, but on line managers, the personnel function performed a service role in assisting line managers so that each of their subordinates:

- knew what he was supposed to be doing
- understood how it contributed to the aims of the business
- understood how his performance was to be measured
- knew whether he was doing a good job or not.

The above provided the necessary 'ingredients' for the development of an individual performance planning system.

Of particular interest, at the time the functional roles were being examined in 1973-74, was the caveat that: "The emphasis of the Personnel Division is on planning: helping the Executive Committee to plan the development of future senior management. Planning for people does not line up directly with strategic planning, because people necessarily move between businesses as their careers develop." This created confusion in the unit

businesses when they were introduced to strategic planning skills in 1973 onwards. One of the training approaches to planning was to demonstrate the interrelationship between strategic business planning and manpower planning. Following representations to the Executive Committee, the problem was resolved in 1975, when all line managers were required to include a manpower plan with their proposed business plans.

Ocean was not alone among major business enterprises in the 1970s, in not integrating the planning of all resources, human, financial and physical, in its strategic planning process. Help was given to Ocean's change of posture by membership of the Institute of Manpower Studies and association with the work of Business Schools; these were, somewhat belatedly, including manpower planning in strategic planning courses.

Reverting to the structure of the Group, Ocean followed a traditional pattern of centralized service and staff functions. The former included the Central Services Division, comprising computer services, operational research, business systems, central purchasing and property management. The divisions performing corporate staff responsibility included the Finance Division and Information Division. Interestingly, the latter was incorporated into the Personnel Division in 1979. Whilst the foregoing were involved in activities integral with the work of the management development function, the prime concern of the latter was with the Operating Divisions which, in 1973, comprised:

- Ocean Liners Limited
- Ocean Fleets Limited
- Ocean Titan Limited
- Ship Procurement Division
- Straits Steamship Company Limited.

The first four were UK-based and the environmental factors impacting on the whole of the management development function were related, in the main, to British systems, whereas in West Africa and the Far East it was essential to acknowledge the primacy of national governments and their agencies in the management of human resources. The period of this study was contemporary with interesting developments in Nigeria and Ghana and the emergence of the South East Asian bloc ASEAN as a major geo-political entity. As far as it was possible, the management development function was internationalized; the training development work was carried out on a world-wide basis.

Whilst Ocean was a major partner in the consortium of Overseas Containers Holdings Limited, the management development activities were not closely associated during the period covered by this study.

The scope of business activities covered by the operating divisions in 1976 is shown at Appendix 2 and the organizational structure is shown at Appendix 3. In March 1979 Ocean's UK shipping activities were merged into one division, Ocean Marine, comprising the former Ocean Liners, Ocean Fleets, Ocean Titan (Blue Funnel Bulkships, Cory Ship Towage and Ocean McGregor), Ship Procurement and Liquefied Natural Gas. The new structure is shown at Appendix 4.

In framing the organizational structure, the keynote was the grouping of businesses into a logical pattern, one that would provide for optimal performance of the business units. There was no direct implementation of the many conceptual theories on organization. What did underpin the thinking, however, was the key objective of providing a flexible system which could be adjusted to changing circumstances, in short, a contingency approach. Insofar as the MDA was involved in the preparation of the manuals on Ocean's Management System and Structure, the influence on a number of writers on organization did pervade the thinking on the 'Best Fit'. Some of these writers

are specifically quoted in the text, but many others have made their mark on the MDA, and most are included in the selected bibliography.

Important in the Ocean context was the system of authority and the communication system. A major change, already referred to, was the delegation of the decision-making process to lower levels of management, a process which replaced the concentration of decision-making at Board level. To effect the change, Ocean had to develop what Herbert Simon¹ refers to as an organization which "provides the individual with some of his principal premises of decision: it specifies his fundamental value premises - the organization objectives - and it supplies him with relevant information of all sorts that is necessary if he is to implement these values." Simon goes on to say: "Crucial to the synthesis are the decisional premises that the individual himself supplies, and the most important of these, aside from the information that originates with him, are the criterion of efficiency and the individual's organizational identifications or loyalties." In Ocean the managerial practices developed during the 1970s embraced Simon's dictum. The practices also conformed to Chester Barnard's² argument that the decisions which a person makes as a member of an organization are quite distinct from his personal decisions. The individual performance planning system introduced into Ocean in 1974 was job-centred and, it could be argued, conjoined with the impersonality of organization decisions. The point which Barnard stressed was that such decisions were made within a system composed of the activities of human beings, their efforts being coordinated, in the Ocean context, to achieving organizational goals.

But, the separation of organizational goals from personal goals was overstated by Barnard. What was set as an objective in the Ocean system was the optimal conjunction between organizational and personal goals, always accepting that there would be a difference between the perceptions of the organization and those of individuals.

In his 1976 third edition of 'Administrative Behavior' Simon provides a telling insight into the way in which one thinks about organization. His words had direct relevance to Ocean as, quoting from his Introduction: "Part of the resistance to attending to the organizational factors in executive behaviour stems from misunderstanding of the term 'organization'. To many persons, an organization is something that is drawn on charts or recorded in elaborate manuals of job descriptions. In such charts and manuals the organization takes on more the appearance of a series of orderly cubicles contrived according to an abstract architectural logic than of a house designed to be inhabited by human beings." Ocean's manuals came close to being examples of such abstraction. But, in reality, the system developed in a way which was in accord with Simon's viewpoint that *organization* should refer to "the complex pattern of communication and relationships in a group of human beings." Such a pattern, Simon argues, "provides to each member of the group much of the information and many of the assumptions, and provides him also with a set of stable and comprehensible expectations as to what the other members of the group are doing and how they will react to what he says and does."¹ Such a pattern constitutes what the sociologist calls a "role system". It was the system with which the management development function was concerned in Ocean, during the period covered in this study.

For Ocean, the impact of change in the early 1970s provided an organizational scenario in which the management and organization development activities could meaningfully apply some of the behavioural science approaches conjointly with the more *mechanistic* approaches to the Ocean Management System.

The organizational changes in Ocean during the 1970s were much more than the implementation of an impersonal organization structure and management system. The non-human mechanisms of control, as Blau and Scott ³ refer to them, did not impose continuous constraints on the performance of individuals, notwithstanding the existence of Ocean's hierarchical authority and formal system of coordination. What did unfold during the 1970s was a change from a managerial culture, dominantly benevolent-authoritative, to a consultative style. Ocean had moved along the continuum described in the seminal study on New Patterns of Management by Rensis Likert. ⁴

Whilst the change towards a more consultative system was an important aspect of Ocean's organizational development, it was paralleled by involvement of more people, more paperwork, less direct communication with top management, and more cost. It confirmed Blau's ⁵ finding that "structural differentiation enlarges the administrative component in organizations." As Ocean's central management costs increased exponentially in the mid-1970s, a critical re-examination was made of the central administrative component and some stream-lining followed. By the end of the 1970s, and with the appointment of a new Chairman in October 1980, a significant change has occurred. The Chairman's main office is now in London though the "heart" of Ocean continues to reside in India Buildings, in Liverpool.

References

1. Herbert A. Simon: 'Administrative Behavior'
(Third Edition - Free Press 1976)
2. Chester Barnard: 'The Functions of the Executive'
(Harvard 1938)
3. Peter M. Blau and W. Richard Scott: 'Formal Organizations
- A Comparative Approach'
(Routledge & Kegan Paul 1963)
4. Rensis Likert: 'New Patterns of Management'
(McGraw-Hill 1961)
5. Peter M. Blau: 'A Formal Theory of Differentiation in Organizations'
(American Sociological Review - April 1970)

PART THREE - A CONTINGENCY APPROACH TO MANAGEMENT TRAINING

Chapter 6 Strategic Planning in Ocean

Previous chapters have referred to the introduction of strategic planning and the challenge to the management development function to develop an effective conjunction between business planning and manpower planning. The relevance of the latter to succession planning was recognised by the Ocean top management when it promulgated the Group Management System and Structure in 1974. What was not fully achieved until 1975 was the integration of business planning and manpower planning, as these processes related to the operational plans of the different businesses. Herein lay the core elements of a management development process aimed at optimising the performance of individuals in their current jobs. The conjunction between business planning and managing human resources was effected from 1975 onwards by formal submissions from Ocean businesses of their manpower plans jointly with their financial and marketing plans. The latter were the two main elements to be found in the initial formulation of strategic planning, resource allocation and control, *vide* Appendix 6.

What then were the ingredients of strategic planning in Ocean?

Until the 1960s Ocean had been solely a liner shipping company; there was no need for a separate functional activity concerned with strategic planning. But from 1965 onwards Ocean's scope of activities changed dramatically; with the addition of container shipping, bulk shipping, transport and distribution, air freight forwarding and offshore supply to the oil rigs. Ocean emerged in the 1970s as a diverse and complex group.

Much was done with the assistance of a consulting group - Harbridge House (Europe) to develop a Strategic Planning and Control system. Introduced in 1972 it provided for centralised control over decentralised operations by three means:

- The Strategic Planning and Budgetary Control System
- Control and the appointment of key executives
- Setting group policies which specified units had to follow.

In order to allow the principle of decentralised operations to work effectively, Ocean's centralised management had to co-ordinate these operations to the best advantage of the Group as a whole. This was done by central management controlling the flow of resources between the operating units. Its major function was:

- To develop the resources (human and material) for the Group, and
- To allocate these resources to the operating units as effectively as possible.

To assist top management in the above a small staff was appointed to provide:

- Co-ordination of the Strategic Planning and Control System
- Provision of economic advice
- Evaluation of investment proposals
- A follow-up of new ideas.

The principal role of the strategic planning unit was not to formulate and develop strategic planning from the centre, but to co-ordinate the individual plans of Ocean's businesses to form a Corporate Strategic Plan. In effect the unit acquired a disproportionate influence on the development of the Group's strategic plans in the early years of its existence. As the operating divisions acquired the necessary expertise in business planning processes, the élitism of the strategic planning unit was subsumed by the more positive involvement of senior management.

This was not achieved without some specific training of top and senior management in business planning and financial management. It was the initial management training and development activity managed by the author of this thesis. The specifics of this training are dealt with in the following chapter.

To revert to the planning and control system, essential to its effectiveness was a system of information review and control to aid in:

- the allocation of resources
- the review and appraisal of progress
- the assessment of performance

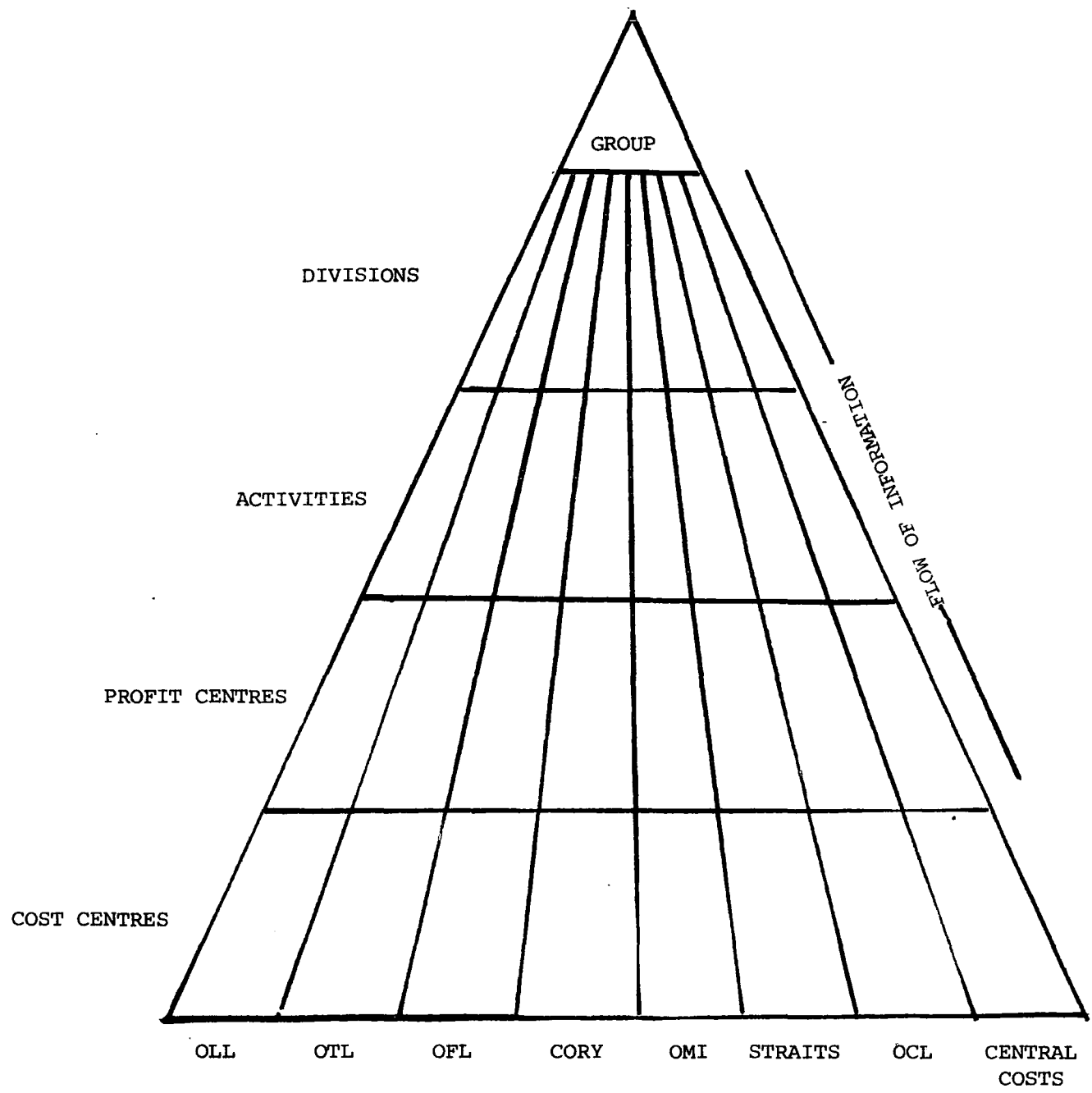
(i.e. the achievement of business plans).

The system was a logical one forming a pyramid of information, see Figure 3, page 53. With this flow of information the system of budgeting short term performance could be evaluated and monitored. But, management skills in budgeting were not commensurate with the formulation of the budgetary control system in 1972; there was an appreciable gap between the conceptual framework devised at Group level by the Group Financial Controller and Group Treasury and its implementation. Here was another training need to be met immediately in 1973.

It was imperative that line managers could do the job of thinking about the future of the component parts of Ocean, and thus play a key role in the development of their discrete activity. As previously indicated, the activities of the liner shipping company - Ocean Steam Ship Company - had, until the early 1970s, concentrated planning and decision-making within the top echelon of management. Senior and middle managers in the shipping activities were slower in mastering the processes of planning and budgetary control compared with their counterparts in the Cory businesses.

FIGURE 3

BUDGETARY CONTROL SYSTEM IN OCEAN



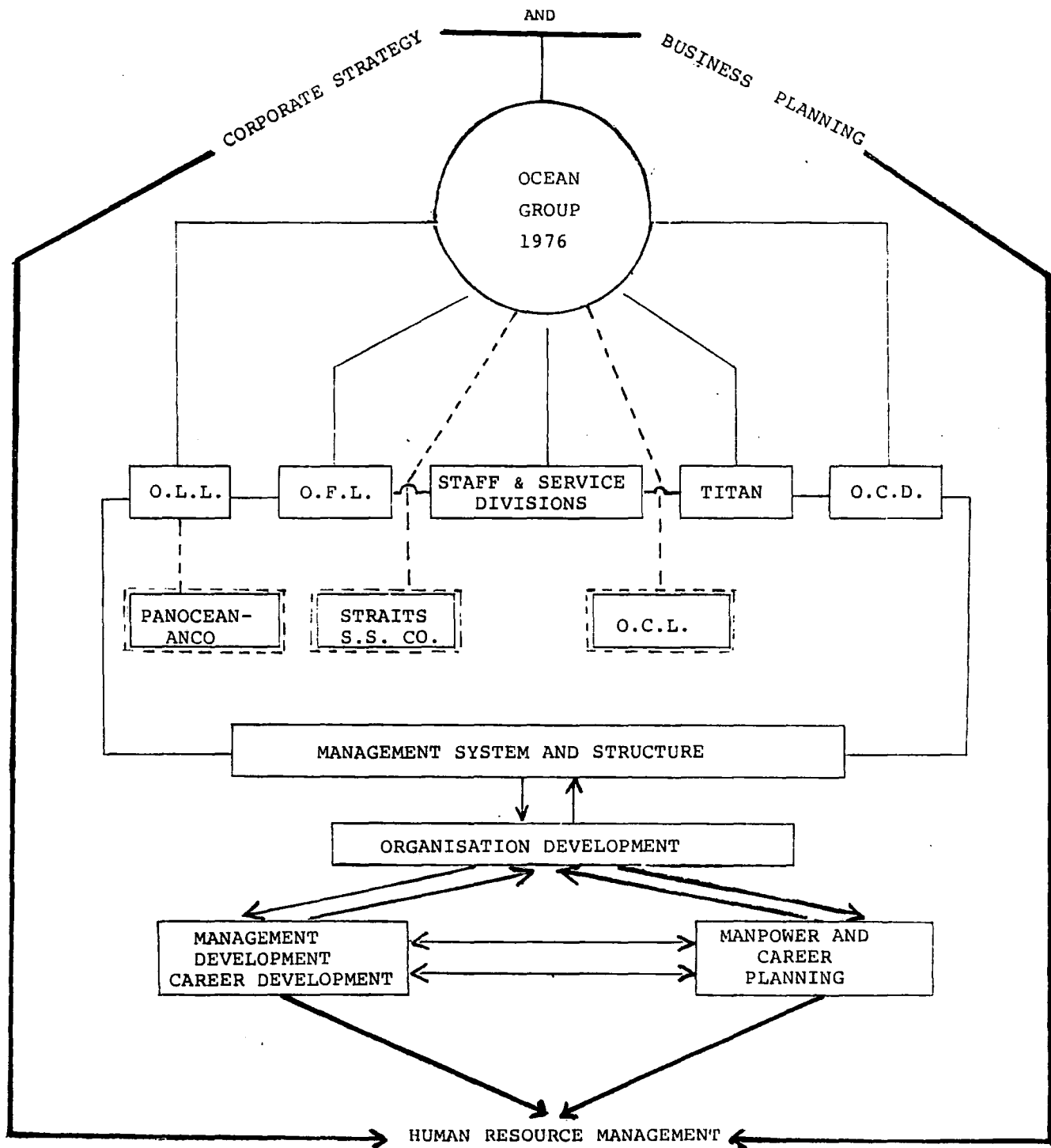
Generally, it was found that few managers were *au fait* with examining the key factors impacting on their businesses from the external environment and there were equally few managers, who could critically examine the internal factors and resources which were crucial for the success of their businesses.

In brief, the introduction of business planning and budgetary control was a new world for managers in Ocean in 1973. It is not considered necessary for this thesis to engage in a lengthy exegesis on planning and budgetary control. What is important to note was that the MDA considered the development of planning and financial skills as the first need among Ocean's managers, and this was confirmed by the Project Group set up in 1972 to identify Group training needs. Training and development in these skills were essential if managers were to be more meaningfully involved in managing their businesses. Together they would provide a launch-pad for the bridging of training in planning and financial skills on the one hand and the training required in human resources management on the other. The one could be considered as the development of material resources and the other with the development of Ocean's human resources; both having been explicitly stated as functions of central management. The conjunction is set out in Figure 4, page 55. As indicated previously, conjoint training and development activities were not progressed with Overseas Containers Limited and management development with Panocean-Anco remained on a low key, the latter limited to an exchange of management trainees for limited periods.

Before passing to the examination of Ocean's training in business planning and financial skills, it is interesting to record the MDA's views on how far Ocean's approach owed a debt to academic analysis of corporate strategy and business planning, see references 1 to 6 on page 58.

Figure 4

CONJUNCTION BETWEEN
PLANNING AND MANAGING HUMAN RESOURCES



Mention has been made earlier that one of Ocean's 'student princes' (Oxbridge men with high potential for top management) had been sponsored for a two-year management course at Columbia University. He returned to be appointed as Ocean's first Group Strategic Planner; he subsequently headed the liaison-team concerned with the integration of Cory businesses into Ocean. He is now a main Board member. Concurrent with the setting up of the Group Strategic Planning Unit, Harbridge House (Europe) had been commissioned to advise on planning. It is interesting to note that this Consulting Group were led by ameneuses of Harvard Business School. Among those working with Ocean was Basil Denning; he had previously been a lecturer in Business Policy at the London Business School. It was in this latter context that the MDA had met him when attending the 1967 Senior Executive Programme.

The introduction of Ocean Courses in Planning Skills, directed by Basil Denning, was agreed by the Ocean Board. It allowed for a useful consonance between an expert tutor in planning and the Management Development Adviser. Apart from the latter's indebtedness to Basil Denning as his tutor in 1967, both shared an acceptance of the contribution made by Igor Ansoff, George Steiner and John Argenti, also the Society for Long Range Planning. There was common agreement that training in planning skills should be laced with the relevant use of case studies, most derived from Harvard sources, but others were studies of Ocean projects 'for real'.

One strand of agreement on training in planning skills was our mutual recognition of manpower planning as a constituent of corporate objectives.

Before proceeding to an examination of the Ocean training, one needs to stress that, at the Corporate level, the management development function, must be knowledgeable in the general principles of Business Policy. Whilst longterm planning may have lost some adherents by the late 1970s in the wake of economic recession and uncertainty, businesses still need to

appraise their strengths and weaknesses, evaluate their opportunities and set strategic goals, always assuming one can make reasonable politico-economic and social assumptions about the future.

In the context of Ocean's businesses between 1972 and 1980 strategic and operational planning were major features of management development.

An important facet in Ocean's strategic planning was diversification; a note on this is at Appendix 6 Annexe 1.

For a good understanding of business planning a selective study of some seminal studies proved invaluable in structuring the training and development activities.

The references on page 58 include sources referred to during the 1973-75 training programme. Further references are listed on pages 76-77.

REFERENCES1. Harvard Business Review

Richard F Vancil : 'What Kind of Management Control do you need?'
Vol. 51 No.2 1973.

Richard Vancil and Peter Lorange : 'Strategic Planning in Diversified
Companies' Vol. 53 No.1 1975.

2. George A Steiner : 'Managerial Long-range Planning'
(McGraw-Hill 1963).

3. H Igor Ansoff : 'Corporate Strategy'
(McGraw-Hill 1965).

4. Edmund P Learned et al : 'Business Policy - Text and Cases'
(Richard D Irwin 1965).

5. Basil Denning, Ed. : 'Corporate Planning - Selected Concepts'
(McGraw-Hill - 1971)

ibid : 'Organising for Planning in a Large Decentralised
Company'
(Unpublished Paper 1966).

6. John Argenti: 'Systematic Corporate Planning'
(Nelson - 1974).

A decision to implement a training programme in planning skills for Ocean businesses in 1973 stemmed from discussions between top management and senior executives in the Group and principal consultants of Harbridge House (Europe):¹ Tony West and Basil Denning. The two latter had been engaged on the development of strategic planning in Ocean, prior to the acquisition in May 1972 of Wm. Cory and Son, the London-based Group. Before the MDA joined Ocean in July 1972, the Harbridge House consultants had been in consultation on developing the Group's planning process with Ocean's Group Financial Controllers, Frank Roby, Nick Barber, Ocean's first Group Strategic Planner and his successor David Riddle, who had completed the Master's Programme at London Business School, prior to joining Ocean.

The Management Development Adviser was brought into the discussions in the third quarter of 1972 and, thereafter, was responsible for launching a training programme in planning skills. In October 1972, Ocean's Project Group on Management Development had examined the proposals and supported the MDA in recommending the training of managers in planning and financial skills and agreed the plan to use Harbridge House, and ratification of the proposal by the Group's Executive Committee followed. It is interesting to note that, at the time, there were two main Board members and others in top management, who were less than optimistic that Harbridge House consultants were ideal choices for the training input. They argued there was a need for a more elementary approach to planning skills than Harbridge House had presented at earlier one-day seminars for Ocean's top management. This observation was germane to the needs of middle managers when planning the 1974 courses.

But the die had been cast for 1973. The opportunity was taken by the MDA to re-examine the choice and to express his views on future plans, firstly from a training point of view and, secondly, as someone who had been acquainted with Basil Denning during his time as a lecturer in Business Policy in London Business School. The following is his comment made to Ocean's Executive Committee in November 1972:

"If we apply the argument of opportunity cost we could achieve a better long-term pay-off in not remaining a "captive" client of Harbridge House, by doing the job ourselves, using the Group's expertise and internal resources. This would, perhaps, stir the pot, in stretching to an unacceptable limit, the principal executives concerned with the planning process. But, effective strategic planning becomes even more effective when it stems from an organic system developed within the Group. There is usually a higher level of achievement when change is engineered from within - we can unravel the mystique of planning together; we may bruise each other in the process but emerge with new strength. With an external training consultant, there is always a tendency for some people to forego a real learning opportunity by a pretence of competency. In doing the training together, the learning curve will almost certainly indicate a more realistic and positive level of understanding."

The decision to use Harbridge House for the initial courses was to be implemented, notwithstanding the above contention.

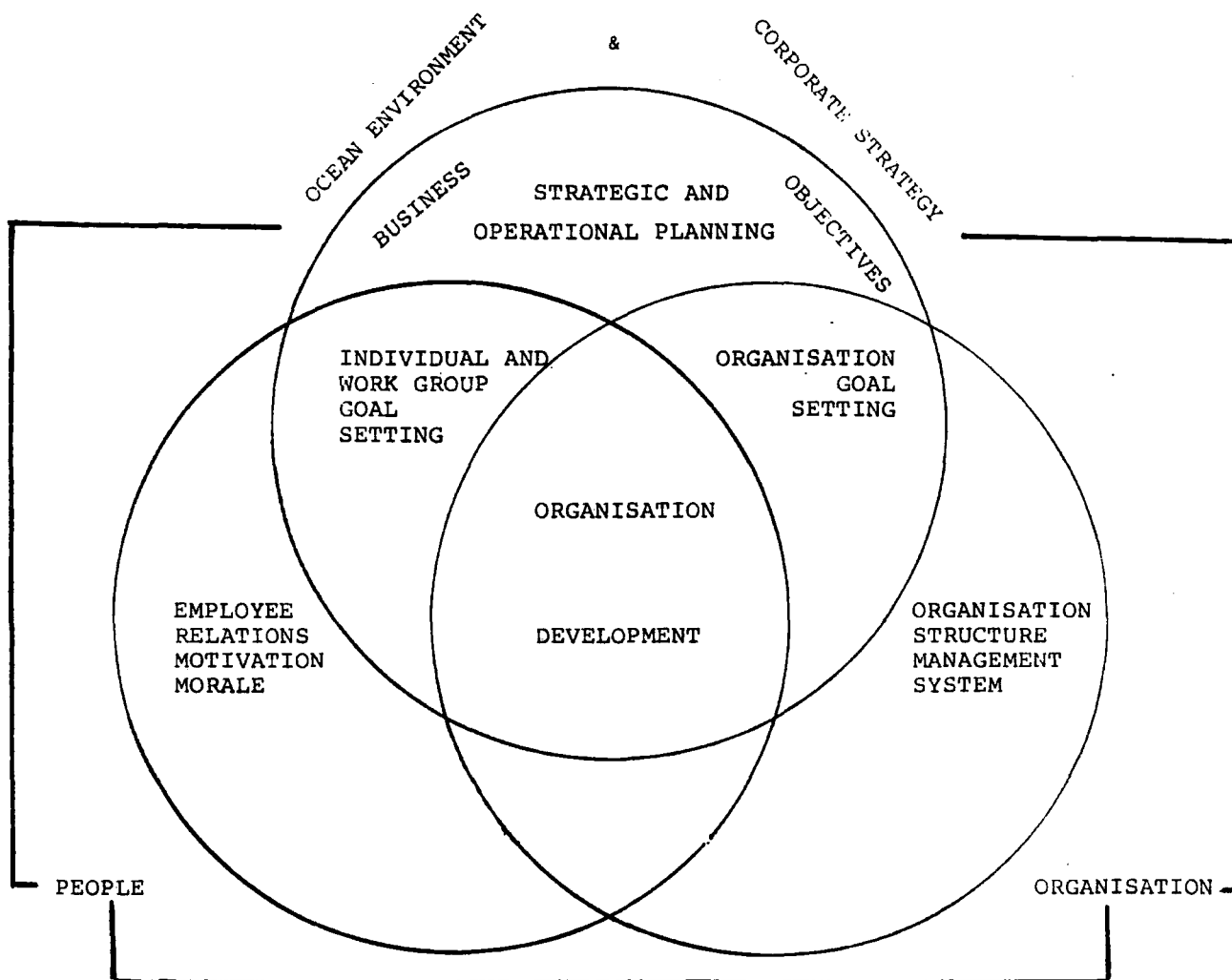
At this juncture, it might be useful to say that circumstances, confronting a management development specialist, are not always conducive to a preferred course of action. The response may have to be to react to parameters set by others, but not forgoing the opportunity to examine the possibility of pursuing, at a later date, a strategic development judged more likely to give desired long-term benefits. In the Ocean context the MDA had the opportunity to explain to the Project Group on Management Development how he envisaged the Group's strategic planning process being a springboard for the introduction of individual performance planning in correlation with business planning. The response was an increased thrust in the work of the Project Group. Thus, whilst the idea of individual performance planning could not be realized in the setting of Ocean in 1973, it found its proponent in the Project Group and was, subsequently, a feature of management development in Ocean from January 1974 onwards. An outline of the concept is illustrated in Figure 5, page 62.

As for the training in planning skills, there was a lesson to be learned, in developing a valid short-term strategy to obtain benefits in increasing managerial competence in using planning skills. It was feasible even where the general level of managerial competence was only average. One was reminded that: "When Hannibal inflicted the humiliating defeat on the Roman army at Cannae in 216 B.C., he led a ragged band against soldiers who were in possession of superior arms, better training, and competent "non-coms". His strategy, however, was so superior, that all of those advantages proved to be relatively insignificant."

The 1973 action plan to be drawn up by the Management Development Adviser required his carrying out a training audit among top and

Figure 5

INTER-RELATIONSHIP BETWEEN OCEAN'S BUSINESS OBJECTIVES,
PLANNING, ORGANISATION AND PEOPLE



senior managers in context with the reality of Ocean's new planning process. Some thirty managers, from among the eighty or so who would likely participate, were asked for their views on the proposed programme. The general observation of immediate importance related to a need for a demonstratively practical approach, suited to pragmatically oriented managers. Using guide-lines from Ansoff:² Ocean managers needed to be able to "maximise the efficiency of the (Company's) resource conversion process, or, in more conventional language, to maximise profitability of current operations. The major decision areas are resource allocation (budgeting) among functional areas..... monitoring of performance, and applying control actions. The key decisions involve pricing, establishing marketing strategy,..... and deciding on relative expenditures." But, there was no place for any extended theorising on corporate strategy. Insofar as training in planning skills had to be grounded in proven knowledge, one could accept the Ansoff dictum that "the interest is normative: to develop a practically useful series of concepts and procedures which managers can use to manage." A balance of theory and practice is, unquestionably, the best way to dispense knowledge and develop skills. But, for Ocean in 1973, there was limited place and time for extended exploration of conceptual thinking. The intended benefits of the training programme would relate to practising managers and not a cadre of MBAs. Notwithstanding this, the author would opine that there are always people who will wish to explore the theoretical framework of any management process and they should be encouraged in their explorations.

As for the proposed Harbridge House programme, there was an essential pre-requisite: to postulate the Ocean view of the requirement for training in planning skills and compare this with the

perspectives of the Harbridge House consultants. As one finds in other contexts, a mutuality of perspectives was not wholly realized. The main spokesman from Ocean considered that all that was required was a series of short 2-3 day seminars to explain the Group's manual on planning and budgetary control. Previous reference has been made to the Group's Blue Book on the two subjects. As a manual it had had restricted circulation among senior managers, many of whom argued it was not an easily comprehended source of explanation on the planning process. A pre-requisite that managers, in developing the planning process, had to be able to apply basic financial management skills, appeared to be assumed: the reality was different. The training audit carried out by the Management Development Adviser in the final two months of 1972 had shown that the majority of managers, who were to be involved in operational planning, were not adequately trained in financial management and accounting techniques. No information flow for business planning could be meaningful without managers being able to use a relevant body of financial techniques and skills. The absence of this area of competence was a commonplace among British managers in the early 1970s, and it was certainly true of Ocean managers in 1972.

It is not a comfortable position to be in, to find oneself having to persuade an expert to agree something he should have acknowledged at first hand. Such was the situation concerning training in financial management. In the event, agreement was reached, somewhat grudgingly, to run a series of one-week training courses in finance, directed by an external training consultant. The choice of consultant was dictated in part by the appropriateness of the teaching style and expected learning response. Additionally, the choice was predicated on the willingness of the external tutor to incorporate,

in the course, Ocean material, particularly that relating to the budgetary control process. This was accepted by the consultants who were fully briefed by the Group Financial Controller and arrangements were made for additional discussions with Divisional Financial Controllers. This ensured that analysis of Ocean's budgetary control system would be an integral subject of the training programme. The main content of the above course was a packaged approach to finance for non-financial managers. One had to accept that there would be some adjustment for the learning objectives, in using a mix of a packaged course based on a normative approach with the specificity of Ocean's system. An essential need was to develop Ocean case material to support the teaching of basic techniques. A member of the Group Strategic Planning Unit agreed to prepare the case material in conjunction with the Cory Divisional Finance Controller. As for the involvement of the consultant, he delegated the hard slog of applying Ocean material to an associate consultant. The latter lacked the ebullience of his colleague, but his painstaking involvement in the learning process achieved significantly better results; a more effective base was laid for building the training course in planning skills. A good grounding was provided in the use of 'P' forms.

The main lesson learnt from the author's experience in pre-course development of the planning skills training programme was the need to resist sacrificing his considered judgement, of the need for priority training in financial skills, by becoming a sacrificial lamb on the altar of subservience to executive management; they needed to be persuaded or directed to agree a training strategy different from their own current perception. In such circumstances it requires a strong voice at the top to support an MDA's contentions; this was present, in the author's case, in the person of the Group's Deputy Chairman - Harry Chrimes.

Not only must the client top management be committed, but the participants must be consulted as well. This was done in Ocean as already stated, by discussions with individuals in a cross-section of Ocean's subsidiary businesses and with the respective general managers and their personnel executives, ranging from unit business personnel directors/managers to senior personnel and training staff in each division. The implementation of the courses on financial skills and techniques needed to be carefully monitored. For the first five courses the sessions were monitored by the author, guided by a divisional financial controller. Their joint course reports were examined in depth by the Group Financial Controller and a member of the Group Strategic Planning Unit. The final report was agreed and submitted to the Group Executive Committee. The latter's support was of inestimable value in promoting the success of the subsequent training courses in planning skills.

There was much at stake in implementing the planning skills courses. It was not only important that they would be productive of real benefit for managers, but that they would not, through lack of achievement, militate against the future intended pattern for management development in Ocean. The MDA, fortunately, had had experience of managing finance and planning skills training in the N.C.B. 1964-67 and in Turner & Newall over a five-year period 1967 - 72. This provided the ingredient of confidence so necessary in launching the Ocean courses in 1973. Otherwise, if the experience has any general validity, and the author would argue it has, then it is suggested that no training for managers or other categories of employees should be progressed without adequate allowance of time to engineer and develop the training programme. This had been the approach used by the

author when he developed a series of management courses, in conjunction with Durham University Business School, for N.C.B. managers, in the mid-1960s. This was a period when there was a plethora of would-be dispensers of recipes for managerial effectiveness; many spurious operators found all too gullible clients among British businesses. Added to this, the Industrial Training Boards invited companies, within their scope, to launch programmes and, more because they provided a return by way of grant to offset against levies, than because they were significantly relevant to the respective company's training needs; training programmes tended to take-off uncritically and unimaginatively.

The above criticism is not made without acknowledging that management development and training specialists are themselves, on occasions, coerced into taking action, which is professionally unpalatable. We do not live in a perfect environment either within or outwith our business organisations.

What occurred in Ocean was a precipitate challenge to launch some much needed training initiatives and to capitalise on these to accelerate the implementation of other developmental activities. One major achievement, in the Ocean context, as stated previously, was the development of individual performance planning and appraisal.

The lesson learnt in Ocean was that the momentum achieved in one area, not necessarily the "offspring" of the management development function, could have valuable spin-offs in other key areas. Here one denotes the efficacy of a contingent approach to management development.

To return to the planning skills training programme, there was a contingent need to formulate agreed training objectives, and to ensure that the training media would contribute to an effective learning response. For their part, Harbridge House consultants

considered that the completion, in Autumn 1972, of the first round of planning and budgeting (see Appendix 6 for a summary of Ocean's planning and budgeting process) had achieved much for the Company, but, as expected, had also revealed areas where executive skills in planning could be improved. Such was a predictable outcome, as few changes in managerial processes are effected satisfactorily at the initial stage. It was evident, also, that the external consultants had a vested interest in renewing their contract with Ocean.

As for the specifics of the training objectives, Basil Denning, who was to be the involved Harbridge House consultant, argued that the major weaknesses were in the area of marketing analysis, financial analysis and projection, and the formulation and appraisal of capital investment proposals. He otherwise opined that, whilst accepting the Group Financial Controller's view that there was a shortage of skill in budgeting and the need for different attitudes towards the budget process, to harmonise with the concept of control, the process of budgetary control could be deferred to a later training programme. The MDA refuted this contention. The armoury to do this owed much, as expressed above, to his experience in managing development programmes in finance and planning skills with the N.C.B. conjointly with Durham Business School and with Turner & Newall; there had also been some valuable learning experience with Professor Harold Rose and others, whilst engaged in the Senior Executive Programme at London Business School in 1967. The experience argues in favour of the management development specialist having an adequate knowledge base, coupled with relevant experience for management training and development. A tailored approach to training for Ocean's non-financial managerial staff in basic financial management and accounting techniques was arranged, as outlined on page 65, and as set out at Appendix 7.

The idea of implementing the training programme in planning skills, within the originally proposed period January - March 1973 - had to be modified. The revised plan was to mount three courses in this period for the more senior executives and those Board members who wished to participate (in the event, three participated) and to arrange a further six courses between January and June 1974. The periods were chosen to coincide with managers' non-involvement with forward planning and budgeting for the ongoing periods of the Budget Year - the operational budget and the strategic (5-year) planning periods.

Insofar as Harbridge House would have a continuing commitment over eighteen months, there were opportunities for them to forge some ongoing commissions as the Group's external planning consultants. In the event it did not work out like this; there was a diminishing involvement with Ocean's top management. This was reflected in some measure of disenchantment with the training programme, on the part of Harbridge House, during the subsequent series of courses held in 1974.

A lesson to be learnt here is the need to consider, when engaging an external management consultant, whether or not those involved will give an unqualified and continuing commitment to the training and maintain a high level of involvement in achieving the training objectives. There are factors which may result in observable, diminishing returns, and corrective action must be taken to deal with this situation.

For the launch of the first Ocean planning skills courses there was a need to translate agreed training objectives into course content and training media, together with some course evaluation mechanism (the latter subject is examined in Chapter 10).

The planning skills courses were aimed to provide an integrated programme, emphasizing financial analysis, market analysis and the integration of the two in terms of capital investment, market strategy and financial projection. It was affirmed that the courses would be as much concerned with developing Ocean organizationally as it would be for individuals. The focus was to be an increasing skill and effectiveness in the areas outlined above. There was an interesting link between the training strategy for planning skills and the work being done, concurrently, in implementing Ocean's Management System and Structure; a useful reminder of the inter-dependence between business planning, organization structure and management system on the one hand and the involved human resources on the other - this interaction is illustrated in Figure 5 on page 62.

The training programme in planning skills provided another benefit for Ocean. It was an opportunity to develop a meaningful Group response between the newly acquired Cory businesses and the shipping businesses, mainly located in Liverpool.

In another sense, the programme offered the Management Development Adviser an opportunity to establish his credibility among a wide-ranging number of businesses in Ocean and their senior executives, both among those operating in the United Kingdom and overseas.

But, there was a prime concern - the specific training in planning skills. The chance to contribute to managerial competence in managing Ocean's planning process had to be taken in both hands. There was much to be done in dealing with the training programme *per se*.

There is an interesting analysis of the subject in a text by W.W. Simmons.³ He identifies four major linkages:-

1. The planning process
2. The operating guidelines
3. The control system
4. The management development programme.

These linkages are illustrated in Figure 6 on page 72. Simmons' construct illustrates a close interdependence between the four areas. It provided valuable data for the Ocean courses. Indeed, the content of the programmes owed much to many writers and these are listed at the end of the Chapter.⁴

The Ocean course outline and training sessions for the 1973 courses are set out at Appendix 8 Annexe 1.

The participants found the course challenging but not uniformly well presented over the five-day period. The tutors involved were most capable, though inclined to overplay their command of the subject. This emerged strongly in the subsequent course appraisal distilled from participants' course assessments.

There is, from time to time, a problem in reconciling the performance of 'prima-donnas' with the overall aims of management training!

Another derived benefit of the Ocean programme was the way in which participants quickly achieved a rapport with each other, a number meeting for the first time as representatives of the newly structured operating divisions of the Group. The interface, provided by the training programme, not only enabled participants to develop a more meaningful understanding of the Ocean Group as a whole, but it helped them to identify the unique elements in each of their businesses or service units.

A less welcome outcome, from the three courses in 1973, was the opposition among some members of the Strategic Planning Unit to

Diagram of processes of a typical management system

W W Simmons - Corporate Planning

Structural organisation
<ul style="list-style-type: none"> . Missions and Scope . Positions and Relationships . Responsibilities and Authorities

Planning Process	Operating guidelines	Control system	Management development programme
Objectives	Principles	Financial Control	Requirements
Strategic Plans	Policies	Operational Control	Career Development
Operating Plans	Standards		Clear Job Responsibility
Operating Budget	Procedures		
Capital Budget			Performance Assessment

Operating Groups
Divisions and Subsidiaries

further development of the training programme in planning skills, to embrace a lower echelon of managers. Their point of view was not upheld by the unit's superiors: the members of the Group's Executive Committee. In one sense the attitude of the Group Strategic Planners was counter-productive: it reinforced the application of a Policy Document on "Delegation of Financial and Planning Authority". From 1974 onwards the élitism of the strategic planning unit was subsumed by the increased involvement of Ocean's managers at large. The members of the Unit could claim only the status of *primus inter pares*.

A commendable feature of Ocean's use of strategic planners at Group level was the limited period of their employment in the unit. The pattern until 1980 was to appoint one member as leader of the unit, with a maximum tenure of two years. The predictive outcome was appointment as a senior executive within the Group. The career history of the first four holders of the post of senior planner is interesting: the first holder is now a main Board member, the second is managing director of a Cory subsidiary, the third, Executive Vice-President of Barber-Blue Sea Shipping Line in New York, the fourth wisely chose an outlet in British Shipbuilders! The halcyon days of the posting of MBAs to corporate positions was beginning to change at the end of the period covered by this research; certainly the cult figure of the 1960s and early 1970s is now part of history.

This chapter has afforded an opportunity to examine a number of issues, which fall within the scope of the management development and training function. The empirical data from Ocean suggests that:

1. Management development initiatives can stem from many origins, not always to the immediate welcome of the management development specialist, who is wedded to normative approaches: one has to be ready to make adaptable responses.
2. The responses to company initiatives may have to be made against constraints and some uncertainty - there is risk-taking for the management development function no less than by operational business executives.
3. Action plans may have to be implemented without total consistency with a training strategy, but the logistics of the training must meet the 'hour and the man'.
4. Conformity to a strict congruence with opportunity cost may have to be set aside, temporarily, but this does not preclude rigorous cost-benefit analysis.
5. There may be limitations to achieving long-term training objectives, where these are based on organic development within the company, by using external consultants.
6. There may be disaffecting elements within a company and appropriate action must be taken to muzzle these constructively and prevent their militating against the success of a critical management development approach.
7. Implementation by expediency - a contingent approach (cf. Toffler's ad-hocracy) - can engender subsequent action towards achieving long-term goals, i.e. it can be a means to a desired long-term strategy.

Thus, whilst there were *ad-hoc* features in the launching of Ocean's planning skills training programme in 1973, there were outcomes, which were beneficial to long-term developmental activities. It enabled the MDA to pursue some major objectives. In a sense the planning skills programme provided the 'underfelt' for his choice of carpet for training and development:

- C conceptual ideas and a framework of goals
- A analysis of proposed objectives
- R referendum to company top management and/or subordinate levels and participants
- P planning action programme and agreeing its implementation
- E evaluation of objectives achieved for company needs and for individual participants
- T template or structure for future action.

An outline of the financial and planning skills programme are at Appendices 7 and 8.

References

1. Harbridge House (Europe): Marketing Brochure (1970)
2. H.I. Ansoff: Corporate Strategy
(McGraw-Hill 1965)
ibid Ed: Business Strategy - Selected Readings
(Penguin 1969)
3. W.S. Simmons: Corporate Planning - The keystone of the
management system
(Long Range Planning - Vol.1 No.3 1968)
4. R.S. Edwards and H. Townsend: Business Enterprise: Its
Growth and Organisation
(Macmillan 1958)

C.E. Summer, Jr. : The future role of the corporate planner
(California Management Review - Vol.3 1961)

W.H. Newman: Shaping the master strategy of your firm
(California Management Review Vol.1 IX No.3 1967)

W.H. Newman and J.P. Logan: Business Policies and Central
Management
(Arnold 1965)

J.L. Bower: Strategy as a Problem Solving Theory of Business
Planning
(Harvard 1967)

P.R. Lawrence and J.W. Lorsch: Organisation and Environment:
Managing Differentiation and Integration
(Harvard 1967)

E.J. Miller and A.K. Rice: Systems of Organisation
(Tavistock 1967)

J. Mintzberg: The Science of Strategy-Making
(Industrial Management Review Vol.8 No.2 1967)

- J. Child: The Business Enterprise in a Modern Industrial
Society
(Collier/Macmillan 1969)
- F.E. Emery and E.L. Trist: The causal texture of organisational
environments in F.E. Emery, Ed. : Systems Thinking
(Penguin 1969)
- R.L. Ackoff: A Concept of Corporate Planning
(Wiley 1970)
- B.W. Denning, Ed. : Corporate Planning: Selected Concepts
(McGraw-Hill 1971)
- B.W. Denning and M.E. Lehr: The Extent and Nature of Corporate
Long-Range Planning in the United Kingdom - I and II
(Journal of Management Studies - Vol. 8
No. 2 1971 and Vol. 9 No.1 1972)
- T. Lupton: Organisational Change - "Top-Down" or "Bottom-Up"
Management?
(Personnel Review Vol. 1 No.1 1971)
- D. Channon: Strategy and Structure of British Enterprise
(Macmillan 1973)
- J.W. Lorsch and S.A. Allen, III: Managing Diversity and
Interdependence
(Harvard 1973)
- J. Argenti: Systematic Corporate Planning
(Nelson 1974)

PLANNING AND REVIEW

Chapter 8Individual Performance Planning

This chapter examines the first major topic covered in the MDA's action research in management development in the Ocean Group between 1972 and 1980. Mention has been made in the Introduction to the help given by Philip Sadler's ideas.

Another study by Peter Clark on 'Action Research and Organizational Change' (1972) ¹ provided data on the social scientist's approach to action research. He argues for the 'valid knowledge' base for action research which embraces:

1. the concepts, variables and propositions both from the basic disciplines of the behavioural sciences and from interdisciplinary approaches;
2. using (1) to identify the points in the system which can most successfully be manipulated to achieve organizational change, and
3. a thoroughgoing diagnosis of the relevant data collected from within the sponsoring system (for Ocean this was the management system at work - a note on Organizational Analysis is at Appendix 9 Annexe 2).

Reference has been made to the setting-up of a project group to consider and make recommendations on management development. During 1973 the members concentrated on their first change area: the introduction of individual performance planning and assessment, conjointly with Ocean's strategic planning system. Concurrently,

the group considered the management training needs for managerial staff, who would spearhead the change. Here the group were unanimous in recommending some basic training in decision-making and in the managing of people to follow the training in planning skills, and finance. In the autumn of 1974 approval was given by the Executive Committee to mount a series of 5-day courses in 'Problem Solving and Managing People'. More about this will be included in Chapter 10.

Many members of top management and senior executives were later to record their view that performance planning and assessment represented the most valuable innovation for Ocean managers in the period 1972-77. It had made strategic planning and control a reality for managers across the whole spectrum of Ocean businesses, and added a new dynamic to managerial work. The change to a new system of harnessing managerial effectiveness to achieving business objectives was certainly a major aspect of the MDA's work in his first five years, but, in retrospect, these outcomes of the MDA's interventions constituted but part of a larger input to management and organization development. Features of these interventions will be examined in Chapters 10 to 12.

During the early 1970s many U.K. organizations concentrated on the efficacy of their appraisal systems, with but a few linking these integrally with strategic business planning.

To revert to the activities of the project group: through a series of bi-monthly meetings in 1973, usually a whole morning and alternatively in Liverpool and London, members examined the feasibility of new approaches to managerial work, which would be consistent with the Group's strategic planning system.

All members of the project group concurred in the need for Ocean to establish an approach to managerial effectiveness, which

would operate in congruence with Ocean's strategic environment and structural framework. It would have to be consistent with the organizational change into a series of decentralized operating units, which were to be as self-sufficient, as possible, with strategic Planning and Budgetary Control linking the operating units together into an effective Group. But, in no sense was the centre to operate as a holding company. The Executive Committee was, however, to remain, throughout the period covered by the research study, the major influence on strategic formulations, in a co-ordinated management system.

The management development function had to operate in concert with strategic decisions of the Executive Committee and, through this apex of command, the MDA was able to structure and develop managerial effectiveness in concord with it.

The most important feature was the triple inter-relationship between the Group strategy, structure and the processes of getting work done. The three were ever in juxtaposition throughout the 1970s. There were few conceptual studies in 1973 that dealt with the three aspects in a holistic way, but, during the course of the research study, a number of U.K. and American writers was carrying out field research, which led to an increasing integration of structure and behaviour in the analysis of work organizations. At the time this research commenced there was a glut of socio-psychological research, which was to spawn a stream of texts on organization development. One recalls the indecent haste with which one located the London office of the Addison Wesley Publishing Company, then in Hills Terrace, Oxford Circus, to obtain copies of the excellent series of short texts on Organization Development, edited by Edgar Schein, Richard Beckhard and Warren Bennis.² The books were of a size

one could tuck into a coat pocket and retrieve to read on the home journey to the North, whilst fellow passengers misconstrued one's evident enjoyment in what was being read! During the 1970s additional volumes were added to the series, to include Argyris, missing from the first series, but there was no contribution from Warner Burke, a leading writer on the subject, who remained loyal to other publishers. Burke is referred to in a later chapter, as he was a writer the MDA considered outstripped most of his contemporaries in his conceptual thinking on Organization Development, or as its popularisers wrote: O.D.

Schein's book on 'Process Consultation' influenced the work of the MDA in Ocean, especially his cogent treatment on the inter-relationship between structure and process. Ocean's 1974 Management System and Structure typified what Schein refers to as the *structural approach*. What he emphasises is the need to conjoin the structure of roles with an effective approach to individuals and groups (the informal groups), so that the process by which work is done can achieve organizational effectiveness. It was by the use of a *diagnostic process* in mapping the human interfaces in Ocean businesses that the MDA was able to make interventions of the kind Schein identifies as *process consultant* interventions. This role is further examined in Chapter 11.

The MDA was able to illustrate how the National Coal Board had developed a new system of strategic and operational planning in the Coal Industry in the mid-1960s, and how, from this, ensued a new realism about the role of the colliery manager and his staff, in effectively managing their business. The new planning approach was coupled with management appraisal and a revamped and computerized staff development system. It was suggested that what had been done

to heave the industrial leviathan from entrenched belief in the inevitability of mediocre performance could surely energize Ocean to make an equally remarkable response to involvement of managers in shaping the destiny of their businesses. From other members of the group, outlines were given on the approach in the Laing Group, one of the Divisional Financial Controllers, an 'emigré' from Shell U.K. told the group how Shell involved its managers in business performance, another related to a high street departmental store.

By cohering the group's understanding and competence in the managing of Ocean's strategic planning approach, one had now a platform of ideas from which some indicators for a link between business and individual performance planning could be forged. In this context and with data from other organizations, the group was harnessing a case study method approach to explore a pattern for Ocean's individual performance planning.

It was agreed that for the approach to performance planning, and acknowledging that Ocean managers were not full-time post-graduate students pursuing MBAs, a limited number of texts would be chosen to provide a conceptual framework. In the event, the following authors were selected: Peter Drucker,³ George Odiorne⁴ and John Humble,⁵ as providing a main input on an approach to results-oriented management. To support these specialized texts, four books were chosen to provide managers with a general approach to management: two well-known works by Rosemary Stewart on "The Reality of Management" (1964) and "The Reality of Organizations" (1970),⁶ Peter Drucker's "Age of Discontinuity" (1971)⁷ and Henry Mintzberg's "Nature of Managerial Work" (1973 - hot from the publisher).⁸

There were many authoritative texts, outlines of which were to be brought into discussion by the MDA, by means of short abstracts.

They were modelled on the abstract, previously referred to:

"Organization and Environment: Managing Differentiation and Integrations" by Paul R. Lawrence and J.W. Lorsch (1967).⁹

Examples of abstracts used by the project group are at Appendix 9.

On the subject of measuring performance the MDA suggested the adoption of texts by Eliot D. Chapple and Leonard R. Sayles:

"The Measure of Management" (1961)¹⁰ and Leonard Sayles on

"Management Behavior" (1964).¹¹ It was not intended in the early stages covered by this research to attempt any psychometric measures

of quantifying job effectiveness. In the late 1970s two staff

members, with postgraduate degrees in occupational psychology, did

carry out some field research in Cory businesses; the subject remained taboo in India Buildings.

The textual armoury for an empirical study may have been limited, but it was deemed adequate to ensure that when the conjoint work of the project group and the MDA had reached a point to recommend an action programme, it would be intellectually sound and, of equal importance, it could be understood by Ocean managers who could then chart their own reading on the different themes, assisted by the MDA. Management practice is not the arena for a display of brilliance of erudition in conceptualizing ideas. It is equally true that a manager operates with conviction when his practice is soundly based on theoretical underpinnings. The name of the game is BALANCE.

Taking a textual plinth of ideas, the project group first

considered the contextual relevance of two mainstream authors:

Douglas McGregor¹² and Rensis Likert.¹³ For this a discussion

brief was provided by the MDA (*vide* Appendix 9 Annexe 3). The aim

of the initial deliberations was to set the thinking of these two

well-known writers into an Ocean context.

There was a consensus on the system which Ocean was aiming to incorporate into its businesses; it was a consultative approach. But, as Lennox-Conyngham stressed, the role of the Executive Committee meant that for the overall translation of company objectives into Group strategic plans a pyramidal structure of immense power remained at the helm. For Ocean in 1973, the dominant style was, as it had been for half a century, a benevolent-authoritative approach, within which all major strategic decisions centred on the 'quarter deck' in India Buildings. But, the style was to change and, within a decade, major decisions within the Group had devolved to divisions and their subordinate unit businesses, as outlined in the 1974 and 1976 MANUALS. For an overview of management thought, copies of the second edition of "Writers on Organizations" by D.S. Pugh, D.J. Hickson and C.R. Hinings¹⁴ were provided for project group members, together with copies of two American texts:

Daniel Wren: "The Evolution of Management Thought" (1972)¹⁵
 and "Optimizing Human Resources - Readings in Industrial and
 Organization Development"
 by Gordon Lippitt, Leslie E. This and Roger G. Bidwell, Jr.¹⁶

Each member of the group was invited to familiarize himself with sections 3 and 4 of the book of readings by Lippitt et al; these included extracts from Daniel Katz and Robert L. Kahn; Edgar Schein and Paul Lawrence and Jay Lorsch, all of whose ideas were central to the way in which the MDA hoped to facilitate an Ocean Development system. Familiarization with the concept of an open systems approach to Ocean's organization was considered pivotal for the MDA's ideas on, *inter alia*, performance planning. What he wanted was the Group's response to planning in the lower echelons of Ocean's business to be seen as an action planned input by managers, whose

contributions would constitute what Katz and Kahn refer to as output and that these would constitute, in the aggregate, further inputs by the Operating Divisions, as they, in turn, contributed to the Group's output, and that the Ocean system, in its interdependent parts, would be in constant interaction with the external environment as well as Ocean's internal environment. The purpose of this construct was to posit the reality of a manager's role. For the MDA it was closely related to Rosemary Stewart's opening chapter of *The Reality of Organizations*.⁶ She says:

"The value of looking at an organization from the systems approach is that it changes one's viewpoint from the description and analysis of its component parts to that of their interrelationships. Such an approach emphasises that one should not try to deal with problems in isolation but should be aware of their interactions."

It was not amiss, in 1973, to suggest to members of the group that the interactive nature of, for example, Ocean Liners Division and Ocean Fleets Division was not as obvious as one would have imagined. Moving the time frame forward, these two divisions were merged in 1979 (*vide* Appendix 4). Prior to this, the two southern based divisions of Ocean Mercantile Investments Limited and Wm. Cory and Son Limited were merged in 1976 (*vide*: Appendix 3).

Stewart's earlier book on *The Reality of Management* (1963)⁶ had provided equally insightful ideas for Ocean. Her treatment on what managers do and the role of decision making was accepted as essential inputs for Ocean managers. A summary of Stewart's

chapter on 'Making Decisions' was provided for discussion in the members' home divisions (*vide* Appendix 9 Annexe 4).

A further idea from Stewart was her statement that:

"The systems approach has taught us the importance of the concept of boundaries. To describe anything as a system involves describing its boundaries."

The divisions operating out of India Buildings had, apart from Ocean Liners Division, operated within restricted boundaries, engendering an insular approach, which clearly had to be changed, to relate to the wider boundaries, outwith India Buildings, in the U.K. and overseas. Horizons of opportunity, for managers to exercise their innovative approaches had to be extended. A good example was the project group chairman, who was deeply involved in directing the commercial shipping activities of the Ocean Group, into new and different worldwide markets.

What was needed to change attitudes also required that managers had the data on which to develop their managerial scope. Here, Stewart wrote:

"The manager is seen as someone who takes decisions on the basis of the information available. The efficiency of management can, therefore, be improved by providing more reliable and up-to-date information and by developing techniques for analysing it. Here the computer can help by providing a powerful tool for processing information."

In the early 1970s the Ocean Group was involved in developing computerized systems, leading, in 1976, to a highly sophisticated Management Information System, being launched from India Buildings.

Thus Stewart provided some basic feedstock for Ocean managers. Her writings were an antidote to earlier writings; for example, Herbert Simon wrote in his classic 'Administrative Behavior'¹⁷ in explaining the limits of rationality:

"Administrative theory is peculiarly the theory of intended and bounded rationality - of the behavior of human beings who satisfice because they have not the wits to maximise."

Whilst this was not the reality of Ocean management in 1973 there were signs of managerial inertia. Herein lay the reason for recommending Peter Drucker on "The Age of Discontinuity" (1969) - his ideas would point out why Ocean's future and that of its managers could never again be cosy, comfortable and continuous. It was a culture shock for a number of Ocean managers whose careers centred on India Buildings. Another book taken aboard by the project group was Alvin Toffler's *Future Shock*.¹⁸ This was a deeply unnerving book which helped to shake complacent managers into an awareness of changes in their work environment and in the wider context of a post-industrial society.

Drucker's book, where it touched on economic development in the decades before the late 1960s, seemed to echo Ocean, whose previous century, apart from the upheaval of two world wars, had been one of continuous economic growth and predictable movement in ship technology. As with other industries, the shipping industry was facing

new challenges in adapting to new information technology and applied electronics; the chart room on the bridge and the engine room of a ship of the 1970s had changed their technologies significantly; charting a course and controlling the motive power were now based on the latest high technology master-minded by Ocean Fleet's specialists. As Drucker argued, continuity had ended. The final section of his book on 'The Knowledge Society' had particular relevance to the setting of Ocean in 1973, for managers. Managerial knowledge which may have been a superfluous luxury a decade previously had become a necessity. But, as Drucker argued, the knowledge he was concerned with was the applicable kind, not the intellectual sort. Such was the setting for Ocean when the MDA was sowing the seedcorn of his ideas for individual performance planning.

One other book which the project group were mulling over as they prepared their recommendations to the Executive Committee had just reached the bookshelves. Henry Mintzberg's "The Nature of Managerial Work" (1973) did not have the impact of McGregor's "The Human Side of Enterprise" which the MDA recalls led to wide-ranging discussion among businessmen in the North East and seminars at Durham University Business School (then the Business Research Unit) and in other centres and board rooms alike, throughout the U.K. But, Mintzberg was to engender some much needed re-thinking about management. He provided a most useful bridge between the traditional views about a manager's job and the change towards a contingency approach to managerial work. He outlined how the work of a manager, at a particular point in time, is influenced by sets of variables, which may modify the basic role requirements and work characteristics of the managerial job. The work done by a manager could be observed as a function of these variables which, taken together, constituted

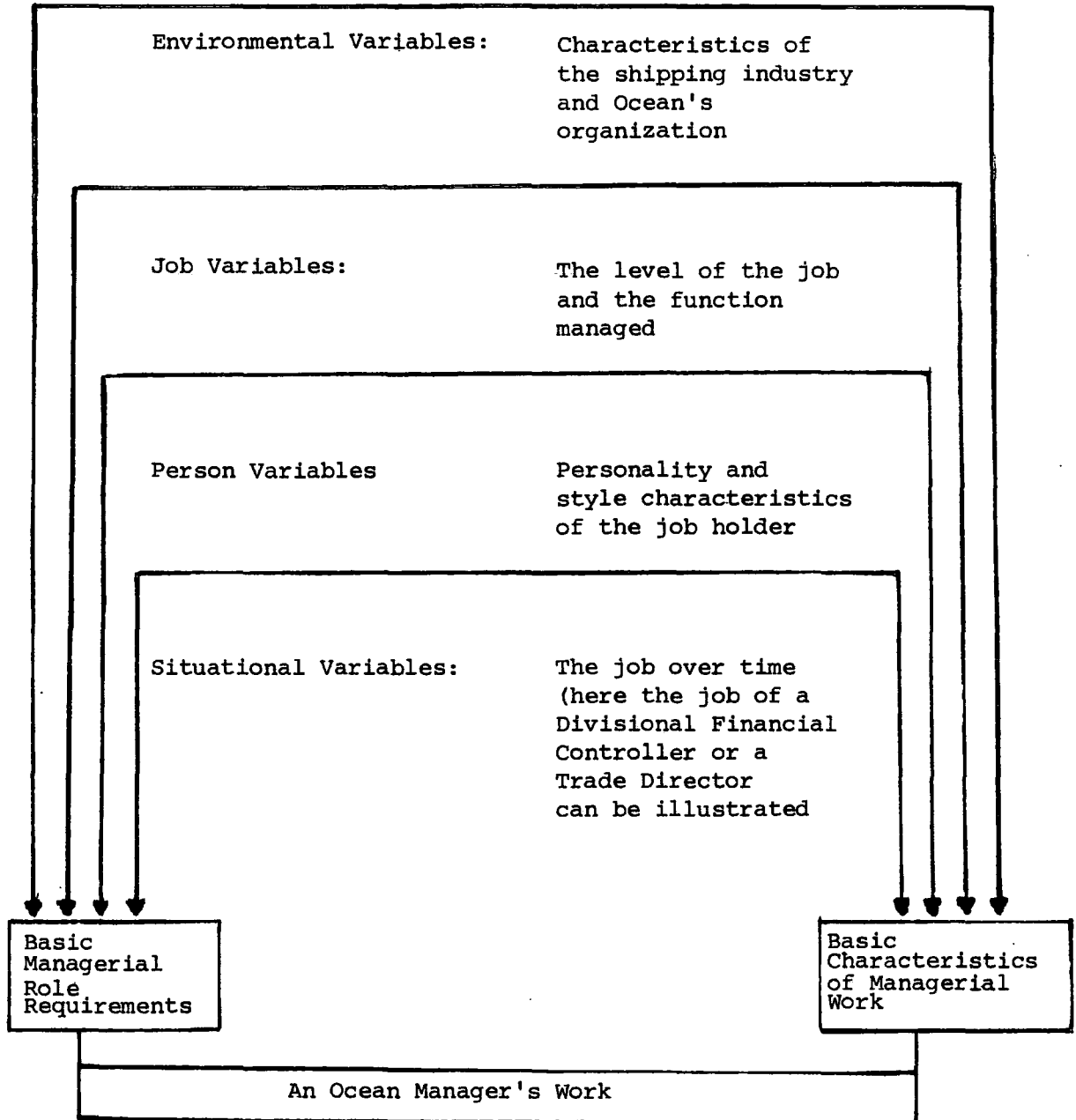
a contingency view of managerial work. Figure 7 on page 90 shows, schematically, the framework. Some of the inputs to this framework were drawn with the aid of Stewart's findings on "The Use of Diaries to Study Managers' Jobs" (1965) which, with her earlier book, provided the data for "Managers and their Jobs" (1967), a book the MDA used as a basic text in his action research. Thus, supported by Stewart's findings, one was able to accept Mintzberg's contention that managers are not reflective, regulated respondents to a given range of information systems and standard procedures, but reactors to:

"a complex intertwined combination of inter-personal, informational and decisional roles."

Here was an explanation of how managers are involved in a whole range of roles which Mintzberg argues forms a gestalt - an integrated whole. For Ocean Managers there was to be a move away from the more fragmented approach which Drucker outlined twenty years earlier when he contended that certain work that managers do is inherently non-managerial. He would certainly have excluded, as managerial work, the role played by the project group. Mintzberg provided a useful diagram to illustrate the ten roles which he related to a threefold grouping - see Figure 8 page 91.

Accepting the validity of Mintzberg's findings for a systems approach to managerial work required that Ocean managers should operate within a clearly defined organization structure and with a corresponding delineation of authority and responsibility, but with both structure and roles being flexible: They could not become stratified within a closed system. As the Preface to the 1974 edition of Ocean's Red Book on the Group Management System and Structure stated, it had to be:

Figure 7

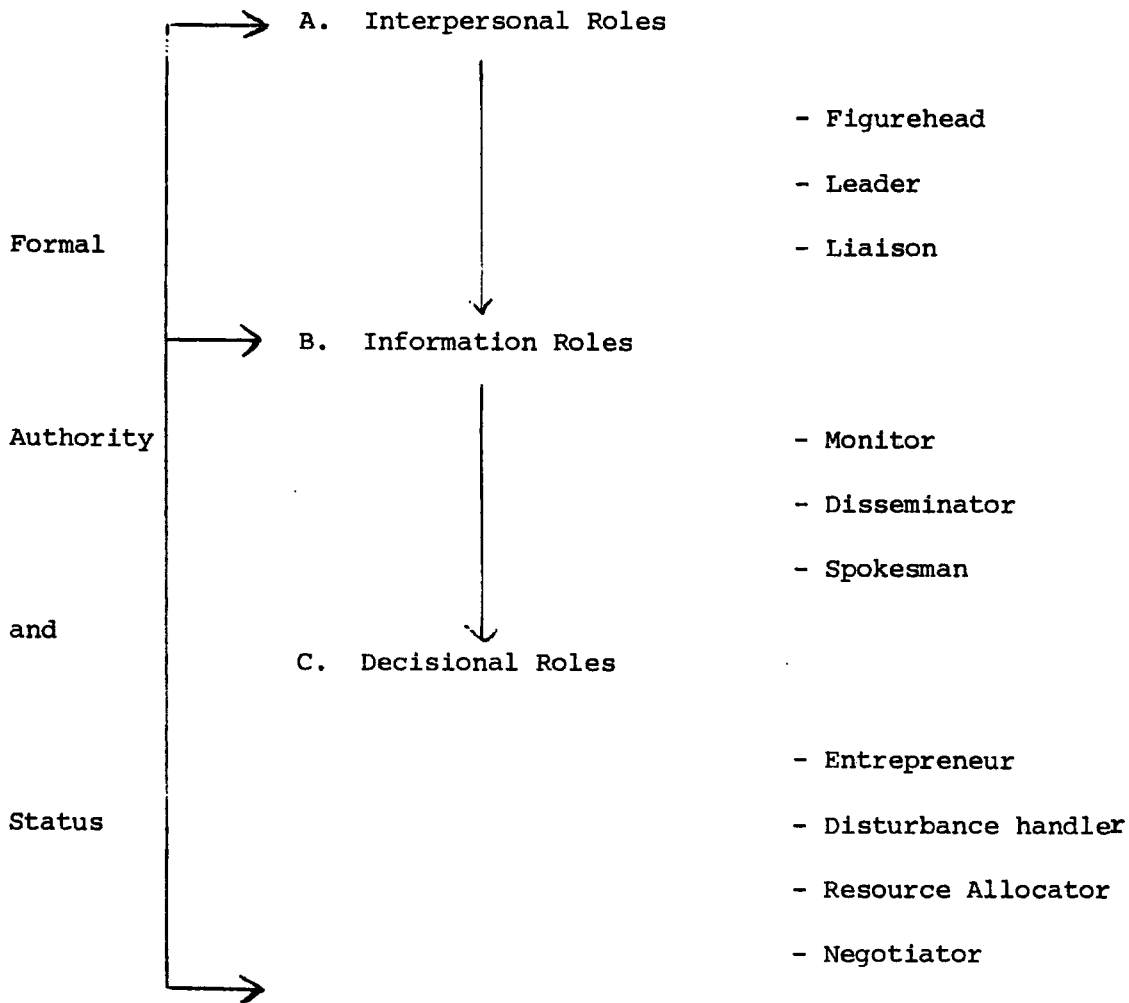


A Contingency View of Managerial Work

Source: Henry Mintzberg: The Nature of Managerial Work

Figure 8

Managerial Roles



Source: Henry Mintzberg: The Nature of Managerial Work

"a structure ... flexible and so capable of
ready adjustment to changing circumstances."

The Manual was to be modified from time to time, both as to the function of businesses, the boundaries between them; and the number, type and content of the Job Descriptions.

There were major changes in structure in 1976 and 1979. The 1976 edition of the Manual was to include Group Policy Papers, otherwise the Preface remained unchanged, underlining, as in 1974, that the Manual was to be acknowledged as an instruction to each recipient to implement it.

The action research orientations examined, thus far, were to lead to a consensus within the project group on drawing up a matrix of factors relevant to Ocean managerial jobs. These are outlined on page 93 and derived from the constructs of Drucker, Stewart and Mintzberg. They were later incorporated in a guide to performance planning and assessment published by the MDA in 1974 and revised in 1976.

A second major recommendation to mount a training programme on problem solving and managing people was submitted to and approved by the Executive Committee in September 1974. Nine one-week courses were run at the P.A. Management Centre, Sundridge Park, through 1974-76. The programme is examined in Chapter 10.

Before proceeding to an examination of the results oriented approach to individual performance planning, it is appropriate to consider some of the extended study of textual research and readings that the MDA carried out as part of the action research programme.

Guide line of factors relevant to managerial jobs

1. Problem analysis

effective use of analytical thinking in the manager's work and the application of this to the formulation and achievement of business objectives

2. Application of analysis through judgement and decision taking

competence in basing actions on sound judgement which commands respect and commitment of others and ability to take effective decisions

3. Managing people

effectiveness in dealing with human resources, ability to communicate effectively and quality of leadership

4. Developing human resources

ability to develop people in conjunction with organizational development of the business

5. Understanding the environment

level of understanding of the external and internal environment affecting the business

6. Range of adaptability and innovative skills

ability to look at situations from a higher level and relate actions to more than one level in the organization of Ocean and capability in applying innovative skills to managing change and diversification

7. Commercial ability

competence in managing and improving existing commercial activity and ability to plan and control sound strategic plans embracing profitable operational activities.

Of particular interest was the analysis of Charles E. Summer Jr. on the '*Managerial Mind*'.²⁰ Writing in the Harvard Business Review (1959) Summer considered the intellectual qualities which constitute the managerial mind, not rejecting that other attributes such as moral, aesthetic and creative qualities are important. He pointed to the orientation towards *action results* and *solving action problems* as identifiable aspects of a professional. He refers to the factual attitude as an empirical quality of the managerial mind, seen to best effect in the move towards long-range or strategic planning. This attitude was to be significantly assisted by computerized data processing, from the 1960s onwards. Careful collation of facts was to be, for Ocean, as for other business enterprises, a pre-requisite for business and individual performance planning.

One has to acknowledge that, in practice, the managerial mind can never be assured that all the facts will always be to hand. Uncertainty and risk-taking are features of management in action. A second empirical quality Summer cites is the quantitative attitude; this was clearly a field to relate to Ocean managers. Some training in quantitative techniques became a *sine qua non* of Ocean's management development programmes during the 1970s; techniques of budgetary control and financial ratios were but two such areas. Summer makes the point that:

"the managerial mind can give only qualified emphasis to the use of numbers, the beauty and preciseness of measurement can be admired only up to a point. Otherwise the decision-maker may delay things while the patient dies."

There were some members in the Ocean strategic planning unit who had an incestuous relation with figures. They were prone to forget that some strategic decisions have to be made in the absence of detailed quantitative data.

Summer describes some logical qualities such as theoretical attitudes, in specialist areas of management. Two Ocean examples can be cited: the use of ratio analysis, for example, in determining the suitability of company acquisitions, or the use of manpower ratios in strategic manpower planning.

Summer refers to other areas in which logical qualities are important, such as a manager's predisposition for truth and precision of statement. These qualities were to form a major part of the presentation on individual performance planning to Ocean's Executive Committee. One did not appear before the *triumvirate* ill-equipped. Summer also refers to the quality of consistency, what he regards as a modified version of the "validity" attitude in formal logic. Again, this was a requirement for Ocean managers. Summer acknowledged that there are also action-centred qualities which call for judgement, not based on factual data and rational analysis. One can refer to this quality as 'business nous'. It can have disastrous consequences, such as in the over-tonnaging in oil tankers during the late 1960s and 1970s. Whilst Ocean was not greatly affected in this area, there was one investment which has had disastrous results: the building of two highly sophisticated, £100 million a time liquid natural gas carriers. They were built to operate in the transportation of liquid natural gas from Indonesia to West Coast ports in the U.S.A. The two ships lie idle at anchor in a Scottish loch! Clearly, risk-taking at the level cited is not taken at levels below the main board; one of Ocean's main board members left prematurely!

The constructs of Summer *et al*²¹ on the '*Managerial Mind*' were presented in a series of programmes in the CEI (now MDI) in Geneva. Lenox-Conyngham attended a programme in 1974 and was to wax eloquently on the relevance of Summer's conceptual thinking to Ocean. The MDA incorporated this in subsequent programmes for Ocean managers.

There were two other co-ordinated research findings which provided conceptual inputs for the MDA. The second edition of the readings on the '*Planning of Change*' by Bennis, Benne and Chin²² provides some helpful interpretations. For example, Bennis provides some useful insights into the use of applied behavioural science in implementing planned organization change. But this belongs more to a later chapter on organization development. At this juncture, one can recall that in the late 1960s and early 1970s behavioural scientists predominated in the formulation of action-centred approaches to organization change. The years referred to marked a high-water mark for action-centred researchers such as Robert Blake and Jane Mouton with their *Managerial Grid* (1964)²³ - this has gone through a number of revisions in intervening years.

Blake and Mouton start from a hypothesis that "a manager's job is to engender attitudes and behaviour which promote efficient performance, stimulate and use creativity, generate enthusiasm for experimentation and innovation, and learn from interaction with others." The figure on p. 98 is taken from the authors' book '*Building a Dynamic Corporation Through Grid Organization Development*'.

The 9,1 manager is one who drives forward for output with minimal concern for people; the converse at the top left of the grid is the 1,9 manager who concentrates on people, maybe to the detriment of achieving planned results. Sitting in the centre is the 5,5

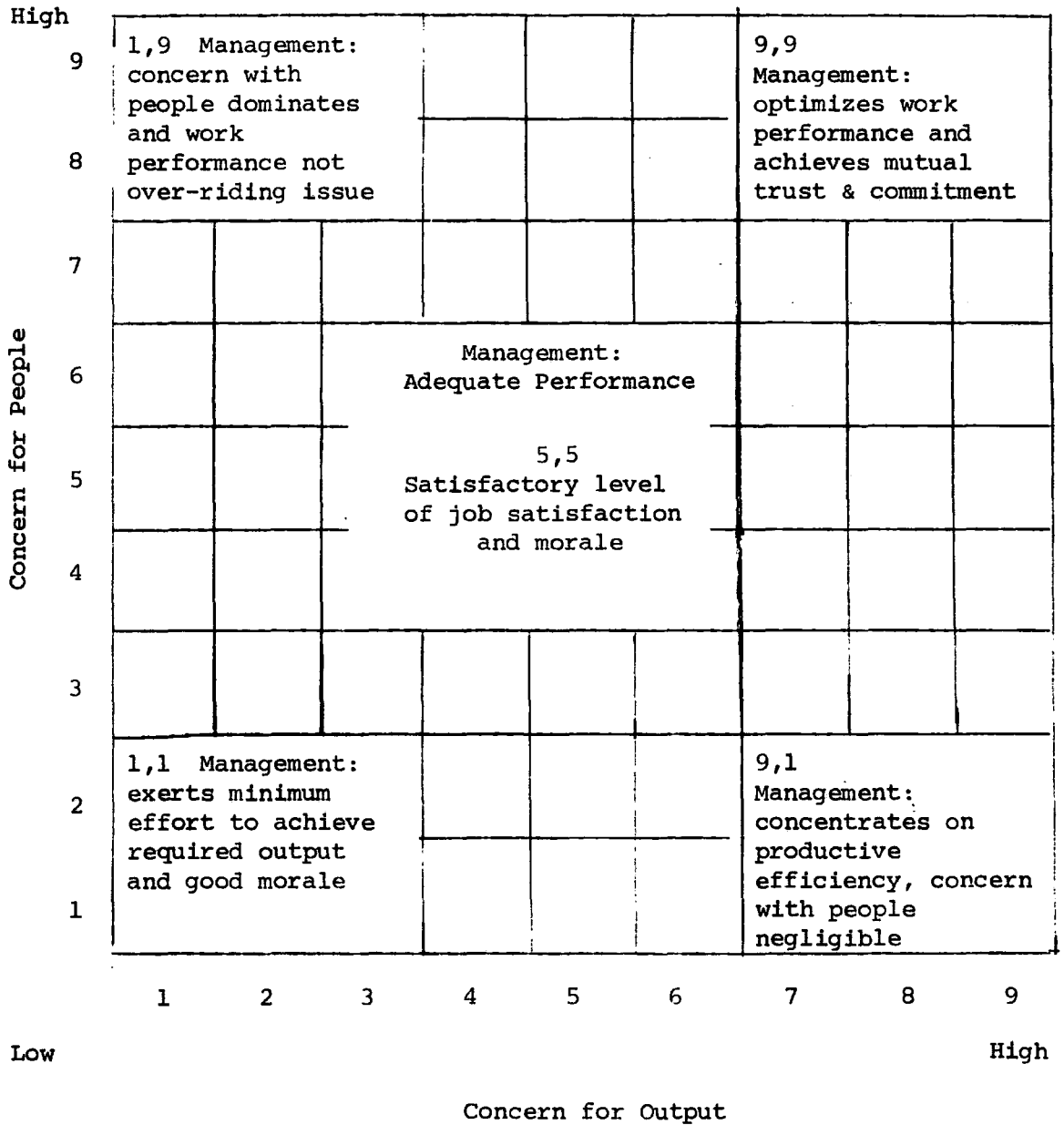
manager who is the middle-of-the-road performer; he was featured in the 'old Ocean': the careful and competent but not over-stretched manager. What Ocean needed was to strike a line of achievement on the diagonal from the centre to the right hand corner. The Blake-Mouton consultancy organization, Scientific Methods, Inc., has marketed the Blake-Mouton Managerial Grid in the U.K. since the late 1960s. Ocean did not commission them to help, but the MDA made a detailed study of the application in one of the regions of the British Gas Corporation in 1974. As the authors state "the Grid clarifies and crystallizes many of the fundamentals of behavior dynamics in business". The Grid was featured on subsequent Ocean management courses.

Two earlier studies by Chris Argyris were germane to the MDA's action research: "Organization development: An inquiry into the Esso approach" (1960)²⁴ and "Interpersonal competence and organizational effectiveness" (1962).²⁵ There were close links with Argyris in Paul Hill's study of Shell Refineries in his "Towards a New Philosophy of Management" (1969)²⁶. Some comment on this will be included later in Chapter 10 as Hill was to join the MDA in some Ocean management training programmes. The compendium of readings by Bennis *et al* included two useful inputs on Instrumentation: "Concerning the Nature of Human Systems and the Consultant's Role" by Charles E. Ferguson and "Explorations in consulting-Client Relationships" by Chris Argyris. The latter was to pre-empt his exposition of "Intervention Theory and Method" (1970),²⁷ which provided a significant input into the action research embodied in the thesis. A critical comment is included at the end of Chapter 9.

Mention must also be made of the interpretations by the team of John Campbell, Marvin Dunnette, Ed. Lawler and Karl Weick in their much-used text: '*Managerial Behavior, Performance and Effectiveness*' (1970).²⁸

Figure 9

THE MANAGERIAL GRID



The chapters on 'Determiners of Managerial Effectiveness' and 'Describing the Managerial Job' contained source material for the approaches being developed in Ocean. The first of the chapters provides an interesting treatment of the role of the person in the managerial job, inter-related with the process managed and the product. The authors call for careful empirical research in bridging the gaps between the three interdependent constituents of managerial effectiveness. This is set out in a model of the determinants of managerial behaviour, *vide*: Figure 10, page 100.

In relating to the description of managerial jobs the authors defer to Stewart's threefold approach -

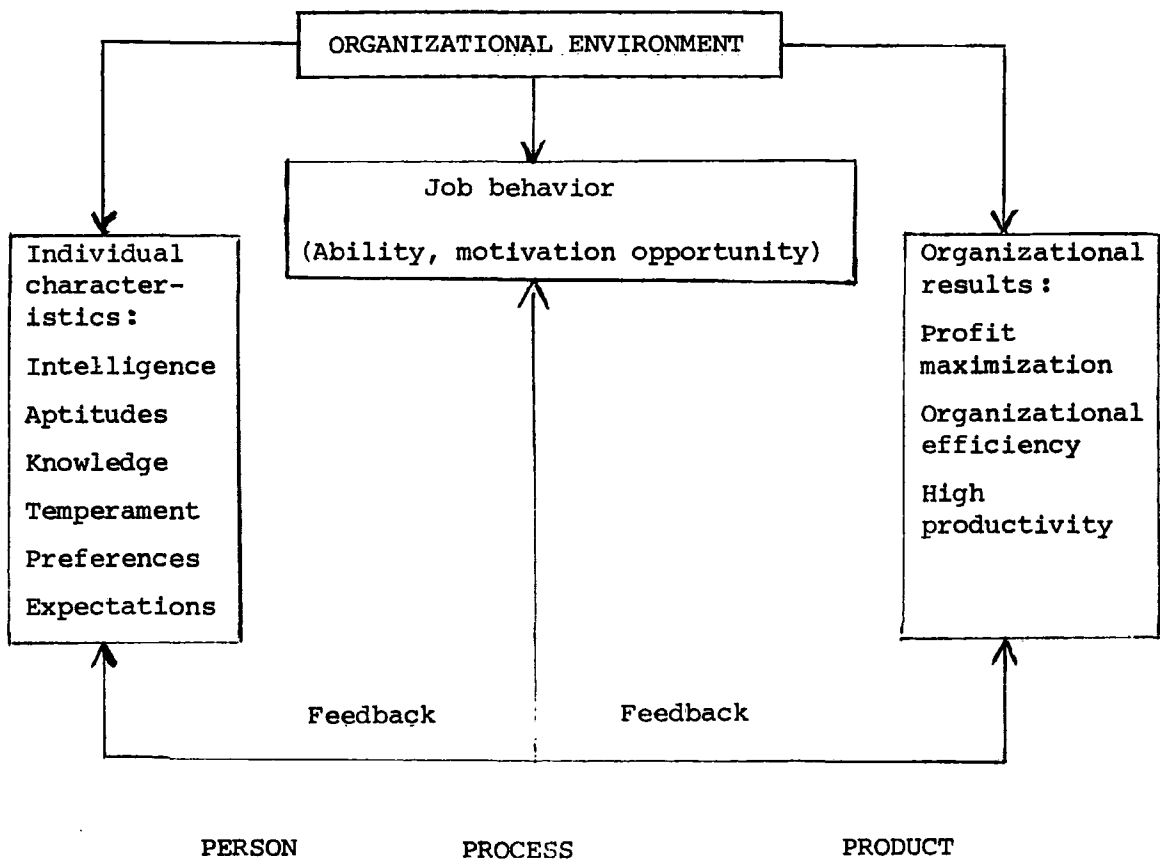
1. observing what managers do;
2. extrapolating from the manager's own record or diaries of what is done, and
3. a non-systematic evaluation of how a manager perceives the time spent on the job duties.

What Campbell *et al* suggest is that there are three inter-related factors associated with a managerial job:

- time, the episodal feature -
- the person, and
- the situation factors, as these change over time and place.

They make a brief reference to a study by Tom Lupton and Jim Horne on 'The work activities of "middle" managers.'²⁹ based on some empirical studies carried out in a cross section of organizations of different sizes and technologies, covering 66 managers.

Figure 10



Schematic portrayal of the determination of managerial behavior

Source: Campbell, Dunnette, Lawler and Weick (page 11)

This thesis argues that until the nature and scope of managerial work can be described and related to the business activities, of which it forms a part, it is fruitless aiming to refine the job scope and responsibilities in terms of general objectives, and specific objectives: the key result areas and targets, which constitute the inputs for individual performance planning.

The chapter thus far has examined the relationships between a manager's job, the business objectives and organizational setting, which determines the arena within which the manager can carry out the work in accordance with agreed standards of performance. The term, *standards*, whilst common in an engineering context, was less well-grounded in management practice. There was no definition of the term: *standards* in the Department of Employment and Productivity: Glossary of Training Terms, 1967. It was not until 1981 that the term was given a specificity of meaning in the Manpower Services Commission's: *An Approach to A New Training Initiative* published with a simultaneous White Paper on *A New Training Initiative: A Programme for Action* (December 1981), which set a target date of 1985 for setting standards of competence. Discussion of this lies outwith the compass of this research study but much of the 1981 national strategy was already in operation in Ocean. The MDA did consider it appropriate in 1973 to define for Ocean managers the concept of *Standards of Performance* and a copy of this note of guidance is included at Appendix 9 Annexe 5.

It is time to revert to Drucker's contention that the success of a business is measured in terms of economic performance. He wrote on this in 'The Practice of Management (1954) and it was to re-emerge in his book of 1964: *Management for Results: Economic Tasks and Risk-taking Decisions*. He said of this book that it was:



"the first attempt at an organized presentation of the economic tasks of the business executive and the first halting step toward a discipline of economic performance in business enterprise."

There was a clear vindication of the approach taken by the project group from Drucker's point that, whilst the structure of itself does not guarantee results:

"structure has to be such that it highlights the results that are truly meaningful; that is, the results that are relevant to the idea of the business, its excellence, its priorities and its opportunities."

This was true for Ocean as was a later Drucker comment:

"The more business becomes a knowledge organization the more executives there will be whose decisions have impact on the whole business and its results."

At the mid-point period covered by this research, in 1976, Ocean was achieving a high level of economic performance; the Annual Report and Accounts for 1976 showed pre-tax profits 82.5% higher than in 1985. This was related to what the Group Chairman said at the time:

"We are still predominantly a large-scale shipping company, so our broad future has to be seen against the backcloth of the prosperity of world trade in general, and of the U.K. in particular."

Sadly, the economic performance of Ocean in the following five years was severely limited by worldwide economic recession and an unrelenting downturn in shipping.

To revert to the subject of this chapter one returns to 1973.

The project group had arrived at a stage when it was necessary to reach a consensus on the methodology for a results-oriented approach in Ocean. Here the contributions of George Odiorne and John Humble were carefully examined.

In his Preface to *Management by Objectives* (1965) Odiorne wrote:

"the system of management by objectives is viewed in a larger context than that of a mere appraisal procedure."

"... appraisal (is) only one of the several sub-systems operating within the larger system of goal-oriented management."

He put the term *Management by Objectives* into perspective, by reminding his reader the term had first been used by Peter Drucker in his "Practice of Management" (1954). Odiorne added that:

"Douglas McGregor of M.I.T. and Rensis Likert of the University of Michigan had used the term to justify the application of the findings of modern behavioral research to the business situation."

It could be said that, thus far, the project group was piloting a way ahead for performance planning, without being stranded on some sandbank of irrelevance, in the body of ideas being sifted. Interestingly, Odiorne incorporated the concept of "linking pins" derived from

Rensis Likert, whose basic organization format was incorporated into the Ocean communication process of reviewing progress upwards, but also in keeping subordinate levels acquainted with progress. The Likert concept was to be used in devising the superior - subordinate relationship in performance planning. Here one was mindful of research carried out by Norman R.F. Maier³⁰ which showed that there was often divergence of opinion on goals between superiors and subordinates. The counter to this weakness was to ensure, that for the Ocean system, there should be positive individual involvement in the formulation of business plans and and congruence with individual performance plans. This is shown diagrammatically on Figure 11 page 106.

The diagram aims to show a straight line relationship from the company objectives to the individual's specific areas for achievement: KEY RESULT AREAS AND TARGETS, and how these were monitored through CONTROLS and culminated in a review of results: the ASSESSMENT OF INDIVIDUAL PERFORMANCE.

The whole scalar process is related to Ocean's organization structure and development. The crucial congruence lies between the business plans and the individual performance plans, the latter derived from positive individual involvement in determining the plans through a problem-solving process. The plans were then translated into key result areas and targets for which the individual had responsibility, expressed in drawing up his tactical or INDIVIDUAL ACTION PLANS. The mechanism for CONTROLS would be jointly agreed by the individual and his/her superior. At the assessment stage two reviews would take place: the assessment of business results as part of the BUDGETARY CONTROL PROCESS and THE ASSESSMENT OF INDIVIDUAL PERFORMANCE. Such assessments allowed for a measure

of objectivity, for it was the individual's results which were being assessed rather than the person. Both assessments provided inputs for:

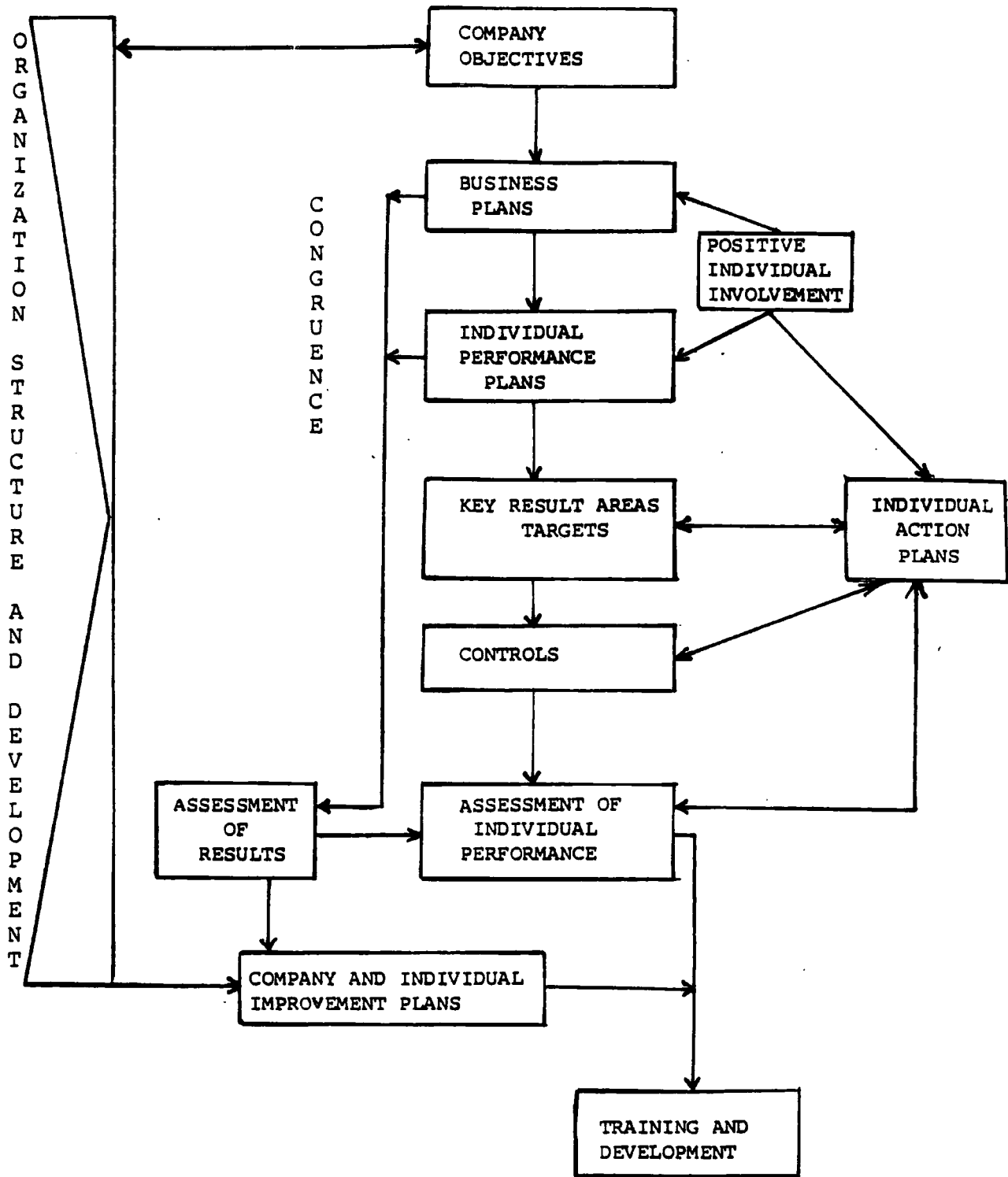
1. Company improvement and development, and
2. Individual development and training.

It was hoped that such a model would activate a core of the conceptual thinking examined thus far, by the project group.

The members were as one in recognising that implementation of Ocean's scheme would require an unequivocal instruction from the Board, to implement and benefit from performance planning. This did occur, as will be explained in the following chapter. It would have been unreal to expect a uniform success; three years on from 1974 the MDA was having to sustain a continuing rigorous monitoring of the scheme. So long as Alexander remained at the head of Ocean group, commitment to the scheme was assured. Indeed it was to be reinforced, from 1975 onwards, by a commitment of the members of the Executive Committee to audit the effectiveness of the scheme by reviewing individual cases. This was done during their planned visits to different businesses in the Group, during the early summer months. The practice continued until Alexander retired and the MDA had left Ocean in 1980.

Before outlining the mechanics of Ocean's approach to setting specific objectives, a comment is relevant on the examination of John Humble's approach to *IMPROVING MANAGEMENT PERFORMANCE (IMP)*. This was presented at a seminar conducted by John Humble and John Gratwick in Manchester on 28th February and 1st March 1967. Apart from explaining their approach to (IMP) Humble and Gratwick supported their presentation with cases from Steel Peech and Tozer, a private steel company based in Rotherham; T.I. Stainless Tubes Limited and

BUSINESS PLANNING, INDIVIDUAL PERFORMANCE PLANS
AND
INDIVIDUAL PERFORMANCE ASSESSMENT



Viners Limited, the latter's case presented by B.J. Viner, Production Director. It is sad to record that the Viner family dynasty lost control of their well-known cutlery business in the 1970s, more because of change in the product market than the failure of IMP. The sceptic may well ask why were all the cases chosen from STEEL? The question was not answered in the seminar and one had to wait for Humble's later book *Management by Objectives in Action* (1970) before one could study comments from a wider range of organizations. What these examples demonstrate is the way the respective organizations had to stop and take a long hard look at their organization's activities. It imposed a discipline of analysis which is so easily put aside in the headlong rush of day-to-day management. It was this disciplined analysis which the Ocean project group activated. Early on in the Group's deliberations the Ocean Fleets Division members were sounding alarm bells, on the likely impact a thorough-going analysis would have on the spectrum of activities, which in some cases were known to be overmanned. In short, Humble's approach provided an approach to a much needed management audit of Ocean's businesses. He writes in the Preface to his 1970 book that organizations can use:

"a dynamic system which seeks to integrate the company's need to clarify and achieve its profit and growth goals with the manager's needs to contribute and develop himself. It is a demanding and rewarding style of managing a business."

Much to the liking of the project group's quantitatively oriented members, Humble opined that his system:

"Draws together, in a practical way for all managers to use, the results orientation of the "quantitative school" and the teamwork and personal motivation concepts of the behavioural scientists."

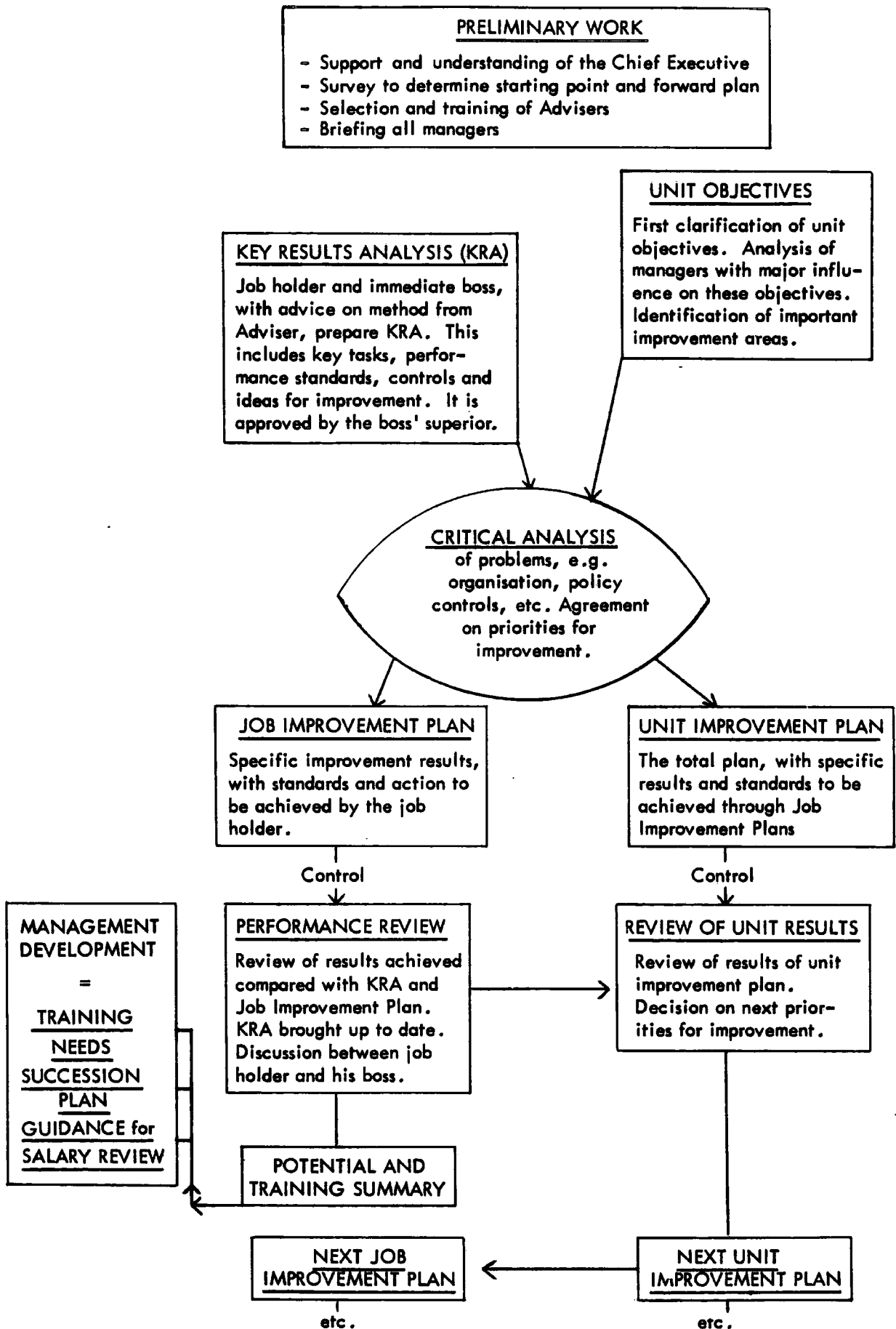
No member of the project group sought to challenge the latter part of Humble's contention. One can end this brief excursion into Humble's system by acknowledging that his ideas had relevance to Ocean's needs, and one could discount some of the one-sided criticism, that Humble was over-emphasising the consequential benefits of his scheme. The reader will be interested to see Humble's flow diagram of a typical launching sequence - Figure 12 page 109. Also provided at Appendix 10 is a copy of the presentation by R.M. Bagnall, at the 1967 seminar.

Humble states that his approach to IMP was based on research and practical experience in some forty companies in the U.K. and overseas, ranging in size from 200 to 65,000 employees and including such industries as engineering, transport, retailing, food, textiles, chemicals, cutlery, building and civil engineering and local government. It contained a sufficient cross-section of industry and commerce to justify examination of the key characteristics by the project group. Humble set out the essential features of IMP as:

1. Clarifying with a manager the key results he will achieve in line with company objectives and gaining his contribution to, and understanding and acceptance of them. Performance standards compatible with these wider objectives are also established.

IMPROVING MANAGEMENT PERFORMANCE

Typical Launching Sequence



2. Providing an organization structure which gives the manager maximum freedom and flexibility in which to perform.
3. Supplying control information in a form and at a frequency which enables the manager to exercise effective control and thus make better, quicker decisions.
4. Using performance review to identify how far results are achieved and the nature of any obstacles.
5. Guiding and training the manager to help him to overcome weaknesses to build on his strengths and to develop himself.
6. Securing sustained high motivation by effective selection, salary and promotion policies and methods."

Ocean did not refer to their results-oriented scheme under the title *Management by Objectives*, but, in reality, it was but a semantic differentiation, rather than a rejection of Humble's approach.

By the autumn of 1973 the Ocean project group had formulated an approach which was broadly based and conceptually sound for it had been derived from a conspectus of ideas and practice relevant to the MDA's intended strategy for Ocean's management development function.

The scheme of individual performance planning owed most to the ideas of Odiorne and Humble, with Drucker providing a backcloth.

Humble posited three main benefits to be derived from a results-oriented approach:

1. A measurable improvement in profitability
2. An improvement in management morale and sense of purpose
3. A realistic and economic way to develop managers.

There was much in Humble's analysis which paralleled the ideas of Campbell *et al*, where they used a systems approach to determine management behaviour (*vide* - Figure 10 page 100). Humble's first two benefits, as they connote with outputs, can be contrasted with Campbell *et al*, as they refer to organizational results. Drucker would have acknowledged the primacy of Humble's first benefit. Again one can replicate Odiorne's key ideas; he suggested that a results-oriented approach to management:

"goes beyond a set of rules, a series of procedures, or even a set method of managing... It is a particular way of thinking about management."

The project group agreed entirely, but as the chairman remarked Ocean had to have an explicit policy and procedures, to implement individual performance planning.

Introducing the reader to the procedures cannot be long delayed, but it would be remiss of the MDA not to include some comment on the project group discussions covering:

1. Setting Goals, and
2. Measurement of Results

In his book *Goal Setting: Key to Individual and Organizational Effectiveness*, Charles L. Hughes³¹ writing in 1965 had already enunciated some sound ideas, which related to implementation of the Ocean scheme. Hughes wrote:

"Many good ideas about improving the performance of employees fail in actual practice, not so much because the theories are wrong as because we are unable to develop and implement them in a manner consistent with the overall structure and philosophies of a particular organization. And the test of a good theory is the workability in the organizational environment."

Ocean's scheme would not be likely to fail for having ignored the advice given by Hughes. What he accomplished in his book was a synthesis of the many selective ideas emanating from the motivational theorists (Abraham Maslow, Frederick Herzberg, et al) and a translation of these ideas into terms meaningful to Ocean's managers. His work featured in subsequent Ocean management training programmes.

The construct of measurement was concerned with some meaningful general assessment of the constituent elements of performance planning. These included, in the Ocean context:

1. the degree to which managers could be expected to translate, effectively, the data on unit business plans, as set out on the 'P' forms (Appendix 6 Annexe 1) into individual plans;

2. what measure of detailed involvement, by senior managers, could be anticipated, in determining the accountability of individual managers;
3. the ability of managers to formulate their general objectives and relate to these the specific objectives - the Key Result Areas, within the time span of the one-year budget plan and set and agree feasible and measurable Targets for their Action Plans, and
4. the response of managers to an assessment of performance.

There were three requirements for the Ocean scheme:

1. an assessment of the competence of managers to:
 - 1.1 manage their planning function - their ACTION PLANS, and
 - 1.2 control the plan by periodic REVIEWS OF PROGRESS;
2. a judgement of managerial behaviour, consistent with the purpose of the scheme, and
3. a reactions level evaluation of response to the change in managerial style.

For the first element the MDA was able to call for assistance from Ocean's strategic planners and the Controller, Group Finance Division and the Divisional Finance Controllers. There was some resistance early on from the head of the strategic planning unit; he was sceptical about devolving the planning function to senior

and middle managers. His resistance was negated by the Deputy Chairman, and an extended series of planning courses mounted. Excellent cooperation was forthcoming from the Group Finance Division and from Divisional Finance Controllers, and two of the strategic planners wrote three case studies for the training courses.

The second and third elements were to involve the MDA in a continuing management development programme between 1974-80, and the action research features of this are examined in Chapter 10.

Reference has been made to a series of nine 5-Day courses on Problem Solving and Managing People. The distinctive feature of these courses was the mid-week-course dinner with the guest speaker, on alternative courses, the Chairman and Deputy Chairman. There was a great deal of jostling to be sponsored for a week when the Chairman was the chief guest. For the purpose of this research study, the point to be stressed was the commitment from the top. It also provided a dynamism, without which the role of the MDA as interventionist, would have been played, most likely on a much lower key.

Reverting to some of the conceptual thinking on measurement, the MDA, as indicated on page 83, made use of the findings of two early works on:

The Measure of Management by Eliot D. Chapple and
Leonard R. Sayles (1961), and
Managerial Behavior (1964) by Sayles

The earlier work provided a non-scientific, but consistent and generally applicable system of measurement, so that managers could describe the personality of a fellow-manager, the elements in the organization structure and the work-flow pattern in the "same language".

In short, they interlocked the individual, structural and technological factors into a set of inter-dependent variables. It provided a basic instrument for the job description, man specification, structural and technical data to profile managerial jobs in Ocean. Where Chapple and Sayles criticised the absence of behavioural patterns required for managerial job descriptions, the MDA introduced an Ocean pro-forma on MAN SPECIFICATION (vide Appendix 11), which provided for an outline of the socio-psychological profile for the job holder, together with a matrix on KNOW-HOW - the knowledge, skill and attitudinal requirements of the job. The know-how construct was linked to the HAY-MSL profile method, which was already in operation in Cory businesses, and was incorporated into the Liverpool-based divisions in 1976.

In his later book, Sayles underlines two dimensions of managerial jobs:

1. dealing with people, and
2. dealing with operations.

He argues that the two dimensions are only occasionally separable, and in most cases managerial work can be operationally classified into three main categories, each of which has a socio-psychological input - output relationship to the operational plans:

1. The Manager as a Participant in External Work Flows, in which they identify:

"a number of behaviourally distinguishable external relationships in which managers are likely to participate."

In Ocean's context this means a broad pattern of inter-relationships in the achievement of operational plans.

2. The Manager as Leader - here Sayle's ideas were extended, in Ocean's scenario of management development, to include *decision-taking* (where the planning function, *per se*, subsumed the *decision-making process*), communication, motivation, co-ordination, development and training. Decision-taking would be activated through the manager's ACTION PLANS.
3. The Manager as Monitor, in which he would review his own work, in conjunction with his superior. The Ocean scheme was to provide for periodical reviews between the manager and his superior, who would initially allow his subordinate manager to initiate the audit, then complement this with his own assessment of progress or the obverse, in achieving planned performance. It was, indicatively, a problem-solving approach, in the idiom of Norman Maier.

It was accepted that, by 1973, there were more sophisticated systems of measurement, but what Sayles provided was a straightforward, non-threatening and objective assessment of results. His perspectives were to underpin the MDA's approach to Staff Assessment procedures in Ocean. They were to be rigorous, but structured so that they would not induce inter-conflictual or intra-conflictual stress, as the individual manager concentrated on his managerial effectiveness, conjointly with his peers and with his superiors.

One final comment on Humble: he completed his trilogy on Management by Objectives as Editor of a text on

Improving the Performance of the Experienced Manager".³²

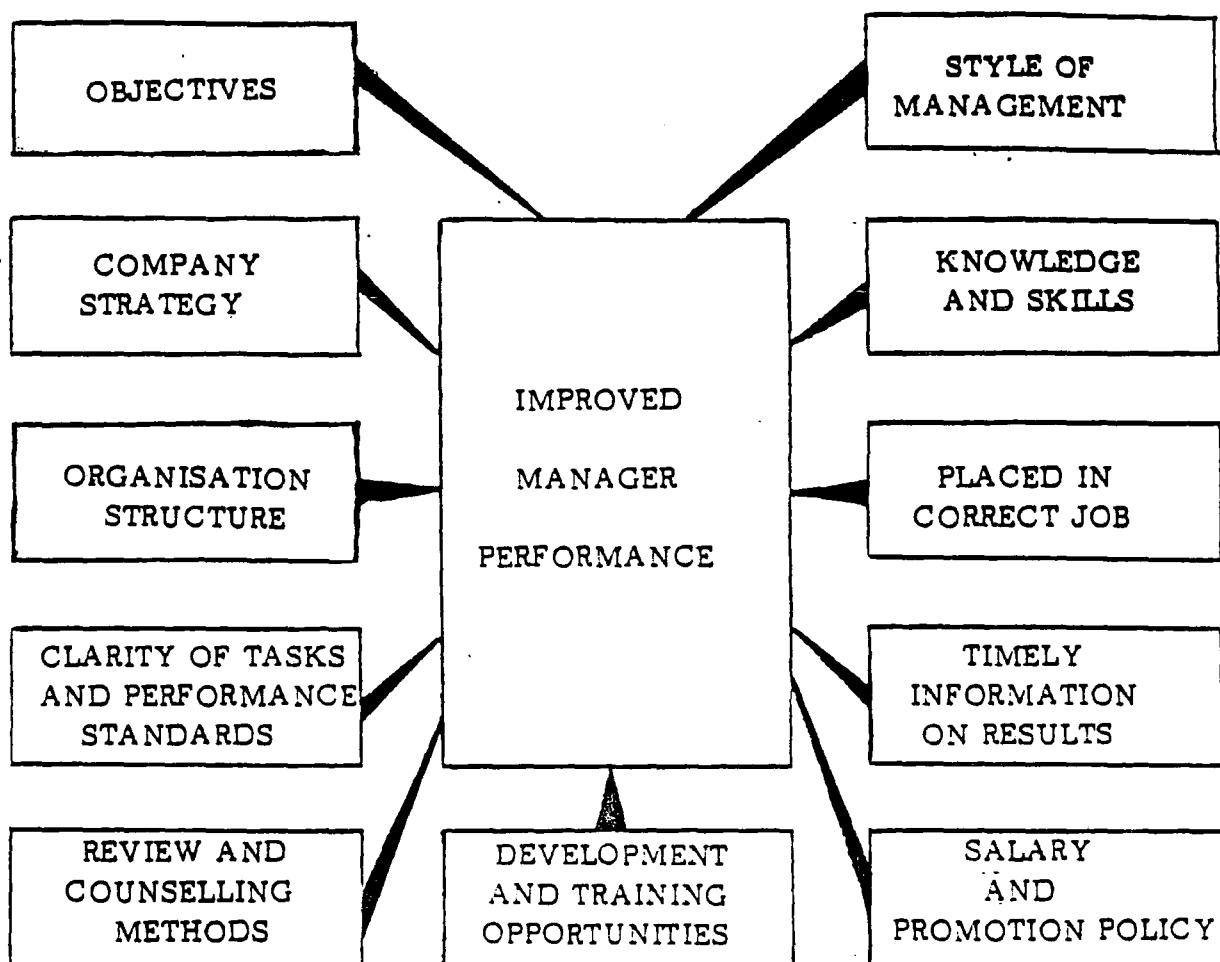
in which he incorporated the term: *experienced* as it related to what Alastair Mant, in the British Institute of Management report of 1969 on: *The Experienced Manager*,³³ described as:

"a man who has probably had at least five years in management and has reached his position largely through success in jobs below his current one. He is probably no longer in a company promotion fast stream. His success has arisen from a mixture of experience, intuition and knowledge, built up by dealing with situations. His management techniques and skills have been developed by necessity rather than any planned process. He is most commonly, but not necessarily, in middle-age and middle management."

Mant could well have been profiling the main band of Ocean managers.

Finally, on ideas, derived from Humble, it was good to read an instructive article in *The Financial Times*,³⁴ previewing his third book. The article incorporates Humble's diagram which was used by the MDA, with minor modification, as a teaching aid on Improved Manager Performance. Figure 13 should be read in relation to some pairings of factors, for example, Objectives are closely inter-related with Style of Management; Company Strategy requires commensurate

Figure 13

PERFORMANCE PLANNINGFACTORS THAT INFLUENCE PERFORMANCE

Source: John Humble: Improving the Performance of the

EXPERIENCED MANAGER

Knowledge and Skills. Most importantly, as Humble stresses, none of the factors can be instrumented on its own; if improved manager performance is to be sustained. There is no single panacea for success.

Ocean's main instrument for Individual Performance Plans - MD1 - 1A - required a Summary of Key Results and the related Targets. The small space provided was to indicate that KRAs should be limited in number and the targets should be stated with precision, and, where possible, in quantitative terms. Non-quantifiable targets were not to be excluded, where they expressed the specific end result. Linked with the Summary of KRAs and TARGETS, Ocean required managers to provide a statement of their ACTION PLANS and to record the REVIEW AND UPDATING OF INDIVIDUAL PERFORMANCE PLANS on MD1 - 1A (part 2); it would show the dates of reviews, which would, in effect, indicate the joint decisions of the superior and subordinate managers. A standard format was not imposed on divisions, but an audit of control systems (for that is what the reviews constituted), was carried out periodically by the MDA. An additional *force majeure* was added, when Executive Committee members reviewed managerial performance from 1975 onwards.

The notes prepared by the MDA on AGREEING INDIVIDUAL PERFORMANCE PLANS AND SETTING PERFORMANCE TARGETS AND SOME IDEAS ON SETTING OBJECTIVES are at Appendices 12 and 13. The former notes were subsequently incorporated in a booklet written by the MDA on:

A MANAGER'S GUIDE TO STAFF ASSESSMENTS
INCLUDING
NOTES ON SETTING PERFORMANCE TARGETS

OCEAN TRANSPORT & TRADING LIMITED

INDIVIDUAL PERFORMANCE PLANS

RECORD OF OBJECTIVES AGREED FOR PERIOD ENDING.....

Surname..... Forename(s)

Division.....

Activity/Department.....

Job.....

Name of Assessor.....

Summary of:
KEY RESULT AREAS

TARGETS

REVIEW AND UPDATING OF INDIVIDUAL PERFORMANCE PLANS

Key Result Areas	Targets	Action Plans	Review (with dates) and note of changes, if any, agreed for key result areas

Note: Form as used in A3 format

The instruments may appear, to the critical reader, as simple, but they were a distillation, into a minimal format, consistent with a rational approach to the nature of performance planning, and were the product of rigorous examination, conjointly by the MDA and the Ocean project group, of both conceptual ideas and the practice obtaining in other organizations. A Draft Scheme on Management Performance Planning from the Dunlop Company warned against instrumentation that was of an inordinate length. The approach in Shell U.K. was also considered unduly complicated for the task in hand. One comment from the Draft Dunlop Scheme (1966) was consistent with Ocean's approach, when the drafters stated that: "Management Performance Planning is but an extension of planning within the framework of M.B.O. It is based on objectives of the Company, the unit and the individual; if the objectives of all three are integrated and compatible, the whole working system will function smoothly."

But, the most critical examination of the proposed Ocean system, the acid test for the MDA's interventionist approach, was the verdict of Ocean Main Board members and top executives. In August 1973 they approved the proposed scheme. The successful outcome owed much to the process consultation of the project group. For the MDA it was also a vindication of the intervention method propounded by Chris Argyris.

The next chapter is concerned with the second pillar of the dual process of achieving managerial effectiveness - an examination of Ocean's scheme of *ASSESSMENT OF PERFORMANCE*. The chapter includes comment on the lead-up to the launch of Ocean's scheme in January 1974.

References

1. Peter A. Clark: Action Research and Organizational Change
(Harper & Row, 1972)
2. (a) Warren G. Bennis: Organization Development: Its Nature,
Origins, and Prospects
(b) Richard Beckhard: Organization Development: Strategies
and Models
(c) Robert Blake and Jane Srygley Mouton: Building a Dynamic
Corporation through Grid Organization Development
(d) Paul Lawrence and Jay Lorsch: Developing Organizations:
Diagnosis and Action
(e) Richard Walton: Interpersonal Peacemaking: Confrontations
and Third-Party Consultation
(f) Edgar Schein: Process Consultation: in Organization
Development
(Addison-Wesley, 1969)
3. Peter Drucker: Managing for Results
(Heinemann, 1964)
4. George S. Odiorne: Management by Objectives
(Pitman - New York, 1965)
5. John Humble: Improving Business Results
(McGraw-Hill, 1967)
Management by Objectives in Action
(McGraw-Hill, 1970)
6. Rosemary Stewart: The Reality of Management
(Heinemann, 1963)
The Use of Diaries to Study Managers' Jobs
(Journal of Management Studies
Volume 2, 1965)

- Managers and their Jobs
(MacMillan, 1967)
- The Reality of Organizations
(Macmillan, 1970)
7. Peter Drucker: The Age of Discontinuity: Guideline to Our
Changing Society
(Heinemann, 1969)
8. Henry Mintzberg: The Nature of Managerial Work
(Harper & Row, 1973)
Second Edition
(Prentice-Hall, 1980)
9. Paul R. Lawrence and Jay W. Lorsch: Organization and Environment:
Managing Differentiation and Integration
(Harvard, 1967)
10. Eliot D. Chapple and Leonard R. Rayles: The Measure of Management
(Macmillan, New York, 1961)
11. Leonard Sayles: Managerial Behavior: Administration in Complex
Organizations
(McGraw-Hill, 1964)
12. Douglas McGregor: The Human Side of Enterprise
(McGraw-Hill, 1960)
13. Rensis Likert: New Patterns of Management
(McGraw-Hill 1961)
14. D.S. Pugh, D.J. Hickson and C.R. Hinings: Writers on Organizations
(Second Edition Penguin Books, 1971)
15. Daniel Wren: The Evolution of Management Thought
(Ronald: New York, 1972)
16. Gordon Lippitt, Leslie E. This and Roger G. Bidwell, Jr.
Optimizing Human Resources: Readings in Individual and
Organization Development
(Addison-Wesley, 1971)

17. Herbert Simon: Administrative Behavior
(Macmillan, 1945)
18. Alvin Toffler: Future Shock
(Bantam Books, New York, 1970)
19. Ocean Manual 1974 - *op. cit.* page 27
20. Charles E. Summer, Jr. : The Managerial Mind
(Harvard Business Review Vol. 37, 1959)
21. Charles E. Summer, Jr., Jeremiah J. O'Connell and Newman S. Perry, Jr.
: The Managerial Mind: Science and Theory in Policy
Decisions
(Third Edition - Richard D. Irwin, 1973)
22. Warren G. Bennis, Kenneth D. Benne and Robert Chin: The Planning
of Change
(Second Edition, Holt, Rinehart and Winston, 1970)
23. Robert Blake and Jane Mouton: The Managerial Grid
(McGraw-Hill, 1971)
24. Chris Argyris: Organization development: An Inquiry into the
Esso approach
(Yale University Press, 1960)
25. Chris Argyris: Interpersonal competence and organizational
effectiveness
(Dorsey, 1962)
26. Paul Hill: New Philosophy of Management
(Gower Press, 1971)
27. Chris Argyris: Intervention Theory and Method
(Addison-Wesley, 1970)
28. John P. Campbell, Marvin D. Dunnette, Edward E. Lawler III and
Karl E. Weick, Jr. : Managerial Behavior, Performance
and Effectiveness
(McGraw-Hill, 1970) (Chapters 2,4 to 9 and 16)

29. Tom Lupton and Jim Horne: The Work Activities of 'Middle' Managers.
An Exploratory Study
(Journal of Management Studies
Vol. 2 No.1, February 1965)
30. Norman R.F. Maier: Psychology in Industrial Organization -
Fourth Edition
(Houghton-Mifflin, 1973)
31. Charles L. Hughes: Goal Setting: Key to Individual and
Organizational Effectiveness
(AMA, 1965)
32. John Humble: Improving the Performance of the *EXPERIENCED MANAGER*
(McGraw-Hill, 1973)
33. Alistair Mant: The Experienced Manager - A Major Resource
(British Institute of Management, 1969)
34. The Financial Times, 9th January, 1973: Make More of Your
Managers

Other Texts and Journal Articles used in the
research study 1972-74

- (i) William G. Scott, Terence R. Mitchell and Philip H. Birnbaum:
 Organization Theory
 (Second Edition, 1972)
- (ii) Harry Levinson: Organizational Diagnosis
 (Harvard, 1972)
- (iii) Chris Argyris: Personality and Organization
 (Harper and Row, 1957)
- (iv) Chris Argyris: Understanding Organizational Behavior
 (Tavistock, 1960)
- (v) David R. Hampton, Charles E. Summer and Ross A. Webber:
 Organizational Behavior and the Practice of Management
 Second Edition
 (Scott, Foresman and Company, 1973)
- (vi) Gordon L. Lippitt: Organization Renewal
 (Appleton-Century-Crofts, 1969)
- (vii) Edgar H. Schein: Organizational Psychology
 Second Edition
 (Prentice-Hall, 1970)
- (viii) Harvard Business Review:
 - (a) John B. Miner: Bridging the Gulf in Organizational
 Performance
 (July/August 1968)
 - (b) John J. Morse and Jay W. Lorsch: Beyond Theory Y
 (May/June 1970)
 - (c) Harry Levinson: Management by Whose Objectives?
 (July/August 1970)

- (d) Robert J. Mockler: Situational Theory of Management
(May/June 1971)
- (ix) European Business:
Peter C. Hobbins: Moving Towards the Systems-Oriented
Organization
(January 1970)
- (x) Journal of Management Studies:
J.D. Wickens: Management by Objectives - An Appraisal
Vol. 5 - October 1968
- (xi) Personnel Review
Alan Fox: Organisational Design and Management
Vol. 1 No. 1 1972
- (xii) Edward C. Schleh: Management by Results
(McGraw-Hill 1961)

This book offers an excellent insight into the practicalities of what achieves managerial effectiveness, by focusing on the specific results expected of each individual.

The proposals for individual performance planning and assessment were presented to the Ocean Board of Directors and Divisional General Managers at an Open Forum on 21st August 1973 in Liverpool. The architects of the new Ocean Staff Assessment Scheme: the project group and the MDA had opened a new chapter when their policy proposals were accepted by the Executive Committee and approved, subsequently, by the Ocean Board of Directors, in September 1973. This left some three months in which to complete the final procedural stages of the work for launching the Scheme in January 1974. Proving trials had to be arranged, which took the form of a series of two-day seminars with Group-wide managerial staff. In all, fourteen two-day seminars were arranged in Liverpool and London.

There was good reason to believe that the Scheme would proceed on schedule, but there were issues which had to be resolved in the MDA's strategic plan for 1973-76:

1. The new Scheme had to wait until 1975 before corporate strategic planning and strategic manpower planning were fully integrated; this would provide the strategic umbrella for management development, of which individual performance planning and control were two dynamic aspects.
2. Whereas there was a Group-wide policy for a commonality of approach to strategic and operational planning, the analysis of managerial work derived from a miscellany of approaches. The Cory Division had

introduced the HAY-MSL system of Job Analysis, prior to the acquisition by Ocean in May 1972, but many of the businesses fell far short of involving the job holders in the formulation of their job descriptions. Two unit business general managers in the Cory division were dragging their feet, in not involving operational managers, effectively, in the preparation of budget plans. The MDA's long-term goal was to have a unified system with performance planning and control effectively interlocked with business planning and control

3. Liverpool-based divisions were wedded to a mixed system of job descriptions, the top and senior executives had descriptions drawn up by the Boston Consulting Group; middle managers had descriptions drawn up by P.A. Management Consultants, and junior staff had descriptions based on the Institute of Office Management, later known as the Institute of Administrative Management. Salary administration was a mix of systems drawn up by P.A. Management Consultants and the aforementioned Institute.
4. Cory Division, whilst operating their salary administration under the HAY-MSL system, had no common approach to staff assessment.
5. Liverpool-based Divisions used a staff assessment scheme which had been drawn up by P.A. Management Consultants (*vide:Appendix 14*).

There was much to be done in translating the working model of January 1974 into a fully integrated and Ocean-wide scheme, in which all Divisions in the U.K. and Overseas would operate under common procedure. This proving work took three years to complete, with the MDA directing the ensuing action programme, supported, through the first six months of 1974, by the project group and, subsequently, by the Group Management Development and Training Committee (GTC), from mid-1974 onwards.

In order to link the instruments for the Ocean staff assessment with individual performance planning, described at the end of the last chapter, the 1974 Ocean instruments on staff assessment will be examined first. The main inputs of conceptual thinking will then be considered, as these influenced the Ocean approach, together with a comment on some of U.K. company schemes, as they were used for a comparative study.

Prior to the Open Forum with Ocean's top management, discussions had taken place between members of the Group Personnel Division and Ocean's external consultants: P.A. Management Consultants. The latter had had a long association with the Ocean Steam Ship Company, and put forward a strong case for being retained as advisers, notwithstanding that the two London-based Divisions had not had any major association with them. For his part, the MDA was not averse from continuing some links with P.A. consultants, in particular, for the development of the assessment interviews. In his previous post, he had worked with P.A. consultants in a Turner & Newall subsidiary: British Industrial Plastics. The core of the P.A. approach to *appraisal interviewing* derived from Norman Maier's well-known text on *The Appraisal Interview*,¹ (1958). Maier had underlined the links between his third method of interviewing: *Problem-Solving*

Interview and Executive Development. It was an approach which would enhance rather than delimit the MDA's stratagem on individual performance planning. It was also finely related to the MDA's known predilection for the HAY-MSL system, in particular, the problem-solving element in the three-part profile method, which has been outlined at Appendix 5a.

There was an underlying aim, which the MDA pursued through to 1976, realized when the Group Personnel Director led a team, including a senior consultant from HAY-MSL based at Manchester, to inaugurate a Group-wide application of the HAY-MSL system - KNOW-HOW; PROBLEM-SOLVING AND ACCOUNTABILITY, all had direct relevance to the MDA's preferred approach to Performance Planning and Assessment. Examples of the new style job descriptions of 1976 are included at Appendix 5 Annexes 5 and 6 (see 6a and 6b).

A keynote of the Open Forum held in August 1973 was the participation of the Chairman, Sir Lindsay Alexander; the day's discussions concluded with some 'underlining' of the role of general managers in ensuring an effective launch by the Deputy Chairman. He remained, until his retirement in 1976, the principal link with the Executive Committee, for the post-1974 developments in the Group Appraisal Scheme.

Following the Open Forum, concurrent meetings of the project group, and with Personnel Managers, deliberated on a final draft of Notes of Guidance for Completing Individual Assessment Forms; it was ready to submit to the Executive Committee in December 1973. The conclusion of the design and development of the new scheme was the main Board approval to launch the Group Appraisal Scheme on 22 January 1974.

Copies of the assessment forms and the related Notes of Guidance are at Appendix 15 Annexes 1 - 7.

The outcomes of the first round of staff assessment interviews pointed to a need to tighten some of the procedures.

When carrying out an audit on the 1974 assessments, the MDA found the Performance Assessments of Senior Managers were, in many cases, the hallmark of brevity, rather than providing a constructive report. One Division has to be excluded from this observation: Ocean Liners Limited, headed by Lenox-Conyngham. One conclusion was that commitment and response are directly proportionate to the degree of involvement in the organismic evolution of a managerial process; Lenox-Conyngham was also the chairman of the project group. Another, maybe unfair, conclusion was that the linking-pin process, a la Likert, consciously 'engineered' by members of the project group, had not achieved the anticipated positive gains by the ongoing replication, by project group members among their colleagues, in the development of Ocean's Group Appraisal Scheme.

One positive achievement centred on the common basis for PERFORMANCE RATING at all levels of shore-based staff; from junior clerk to a General Manager.

The linear rating scale provided for five ratings under Part 3 of MD1 and MD2:

PERFORMANCE RATING

Outstanding	Very Good	Good	Fair	Unsatisfactory
Outstanding performance, superlative achievement of all objectives.	Very good performance, exceeding the required standard performance.	Good performance, satisfactory standard achieved and evidence of his commitment to his job requirements.	Fair performance, weaknesses which could have been surmounted.	Unsatisfactory performance, job requirements not being met.

Following a Divisional General Managers' meeting in September 1976, the MDA was asked to communicate an agreed Ocean normative percentage distribution.

Outstanding	Very Good	Good	Fair	Unsatisfactory
1%	19 - 20%	70%	10%	Should normally be minimal

There was some minor skewing from the normal distribution curve, but the above represented some exponential smoothing from the first results in 1974:

	Outstanding	Very Good	Good	Fair	Unsatisfactory
1	0.5%	30.1%	64.8%	4.5%	0.1%
2	0.9%	22.9%	71.9%	3.9%	0.9%

- 1 All Divisions
2 Linear Division

The success, in establishing a Group-wide, all-levels linear scale for rating performance, may not strike the reader as significant. But, it had a psychological spin-off in that the universal rating scale was used as a referent to encourage staff in achieving optimum performance, as between different grades in a business or activity.

There were expected shortcomings in the completion of potential reviews and the assessment of development and training needs indicated the MDA would have to reinforce the learning inputs for these key elements in the appraisal scheme, *vide* Appendix 17.

An important aspect of Part 5 of the assessment of development and training needs was the accuracy of the data input by assessors for the MDA to carry out an annual audit, involving discussions with Divisional General Managers and individual job holders. From these audits emerged the basic output data for launching Group management development programmes. This aspect will be discussed in Chapter 10.

Problems concerning the distribution of the written records of appraisals were never totally resolved; some waywardness pointed not to stupidity, but to obdurate non-compliance with Group policy and procedure. There were, however, marked improvements from 1977 onwards.

The assessment form SD1 for staff in supervisory and junior grades was designed to provide a performance rating scale identical with forms MD1 and MD2 (*vide* Appendix 15 Annexes 1, 2 and 3). There were separate proformas for Performance Assessment, Potential Review and Training and Development. Whilst the form was wholly acceptable for junior grades of staff, many staffs in supervisory grades were performing roles more effectively reviewed and assessed by using the form for managerial grades. It was left to the discretion of unit general managers to decide on the appropriate form.

Whilst the direct involvement of the Executive Committee in the administration of the scheme was, at first, limited to senior managers, from 1975 onwards, as indicated on page 105, they became directly involved in carrying out on-the-spot audits on the effectiveness of the assessments. They were equally concerned to learn about managers' reactions to the new approach and how the unit businesses were benefiting by improved performance. It would have been rewarding to learn

that there had been a directly measurable quantum of improvement derived from individual performance planning. This could not be accurately assessed, but the planned visits to unit businesses by Alexander and his fellow members of the Executive Committee continued until the Chairman retired in 1980, and feedback indicated an improvement in managerial effectiveness in all parts of the Group.

A reactions level response to evaluating the staff assessment scheme was obtained during a series of one-week management training courses on 'Problem-Solving and Managing People', which were mounted in the autumn of 1974 and continued through to the end of 1976. Parallel with these courses the MDA's team launched and continued to programme a highly successful series of courses for staff in supervisory and middle management grades. Five-day residential courses were held, mainly at Burton Manor Residential College on the Wirral, some in London, Lagos and Singapore (*vide* Appendices 56 and 57).

The design and procedures of Ocean's new scheme were influenced by writings of a number of well-known exponents and some detractors of Performance Appraisal and a comparative study of practice in U.K. companies.

In 1973 there was a dearth of mainstream works on the subject by British authors, the most useful, for the early work in Ocean, was a text by Mike Williams: *Performance Appraisal in Management*.² One had to wait until 1976 for the first contribution by the husband and wife team of Andrew and Valerie Stewart. By this time Ocean was in membership with the Institute of Manpower Studies and the work of the Stewarts and other contributors made an increasing impact on the work in Ocean. As for journal articles, there had been few by British authors; Rosemary Stewart had written on *Reactions to Appraisal Interviews* (1965)³ and A.P.O. Williams on *Increasing the Value of Management Appraisal Schemes: An Organizational Learning Approach* (1970).⁴

Supporting these there were two publications from the British Institute of Management ⁵ and ⁶ and one from the Institute of Personnel Management on Performance Appraisal in Perspective - A Survey of Current Practice (1973) ⁷. The latter Institute's journal: Personnel Management, published a heartening contribution from Ken Back and Michael Horner on: *Successful Schemes for effective management appraisal* (1973) ⁸. The Sociological Review included a helpful contribution from Cyril Sofer and M. Tuchman: *The Appraisal interview and Structure of Colleague Relations* ⁹. Graeme Salaman wrote a timely article in John Wellens' journal under the title: *A Sociology of Appraisal* (1971) ¹⁰. It provided an analysis of the behavioural effects of an appraisal system. One can be easily engulfed in the mechanisms of an appraisal process, and forget the individual and the appraiser are not members to be considered in isolation, by some process of individual psychology; they remain part of the whole process of human resources at work. There is a need to relate both individual and organizational psychology in the input - output context of performance appraisal.

One should not discount the contribution which was made to management appraisal by the industrial training boards; from the early 1970s they concerned themselves increasingly with management development... But, these contributions belong, in the main, to the years after 1973, when the Manpower Services Commission was established, with an executive overview of the work of the constituent boards.

As the MDA and the project group mulled over the conceptual theory and practice of performance appraisal, American contributions featured most in their deliberations, during 1973.

The most acclaimed of the early contributions was that of Douglas McGregor: *An Uneasy Look at Performance Appraisal* (1957) ¹¹, elevated to an "H.B.R. Classic" in 1972. McGregor's diagnosis suggests three needs, one for the organization, as it relates to the value of the

human resource to the organization, and two are concerned with the individual. The first connotes with the individual performance review, in terms of behaviour, attitudes, skills and job knowledge - this is what prompted the design of the Ocean man specification (vide Appendix 11). The second need concerns the value of an appraisal for coaching and counselling.

McGregor was concerned about the judgemental role played by managers in appraisal interviews. To counteract this danger, the Deputy Chairman had stressed that Ocean's Appraisal Scheme had to be based on a dialogue, a two-way problem-solving approach. McGregor had summed up the dilemma thus:

"The conventional approach, unless handled with consummate skill and delicacy, constitutes something dangerously close to a violation of the integrity of the personality." ¹²

One may opine this was a cry from the days in the 1950s when managerial prerogative was a 'sacred-cow' of hierarchical or closed systems of management. It was irrelevant to the emergence of an open-system approach to management, which called for a participative approach to managerial action. Ocean had a long voyage ahead to claim its management system was intrinsically participative, but by the end of the 1970s it had become truly consultative and in a memorandum to the Bullock Committee in 1976 Alexander wrote:

"We know that large areas of British industry compare badly with performance in other countries and that this is due in part to generally bad industrial relations and a particular feeling of

non-involvement among many manual and some clerical workers. It is partly for this reason, and also because of our own experience in the field of involvement, that we accept without qualification that there is a clear need for companies of all sizes to establish sound procedures for consultation." ¹³

The reader may wish to refer to a copy of the memorandum at Appendix 18 and Annexes 1 and 2 and, in particular, to Annexe 1 which relates specifically to the Group Appraisal System.

On the appraisal interview Rosemary Stewart, writing in 1965, ¹⁴ relates to an article in the previous year, 1964, when Kay Rowe in her research report on *An Appraisal of Appraisals* ¹⁵ concluded that 'appraisers are reluctant to appraise' and 'that interviewers are even more reluctant to interview'. Stewart researched in two companies and consulted one hundred and twenty-eight managers, 68 in one company and 60 in the other. Her findings contrasted with those of Rowe, but what she did find was a reluctance of appraisers to record an appraisal and that this pointed to the limitations of appraisal forms for use in central planning for management succession. ¹⁶ There was a significant reluctance by Ocean appraisers to record a potential review as this called on them to make subjective judgement about promotability. As for Rowe's conclusion on 'the reluctance of interviewers to interview', Stewart found this not to be true. In Ocean, managers were not reluctant to interview within the ambit of staff performance, though they did seek help in developing their interviewing skills.

Much in line with Stewart's findings ¹⁶, the project group were agreed that training beyond the two-day seminars should be provided to ensure a full understanding of the proposed Ocean scheme.

Managers should be given guidance on how to handle interviews over a range of individual reactions. Above all, they would need to develop their own self-confidence in managing a review of performance. It was recognized that the formal assessment interview would create a different psychological environment from the day-to-day communication in the work situation. What was self-evident was that Ocean's new Scheme would offer a challenge to managers to generate and sustain a deeper understanding of and a more responsive approach to human resource management. Of signal importance was the decision of the Ocean Board to make performance appraisal an integral part of every manager's job. The apparent absence of any specific Policy Paper on the Group Appraisal Scheme is explained by noting the extract from Part II of the 1974 Red Book on the Group Management System and Structure under the heading of the GROUP PERSONNEL DIVISION. This, as previously indicated on page 43, set out the role of the line manager. It was of signal importance to the development of procedures for the Group Appraisal System and justifies being repeated in this chapter.

The Red Book of 1974 was delayed, before it emerged in May 1974, but the Executive Committee had agreed in October 1973 to the following, as a statement of policy on the role of the line manager:

"the main task of managing the human resources of Ocean falls not on the Group Personnel Division, but on line managers. Each manager is responsible for seeing that each of his subordinates:

- Knows what he is supposed to be doing
(JOB DESCRIPTION)
- Understands how it contributes to the
aims of the business
(BRIEFING BY SUPERIOR)
- Understands how his performance is
to be measured
POSITIVE INDIVIDUAL INVOLVEMENT IN
PERFORMANCE PLANNING AND REVIEW)
- Knows whether he is doing a good
job or not
(PERFORMANCE ASSESSMENT)

Back to McGregor; he contended there should be a shift in emphasis from *appraisal to analysis*, in which the subordinate becomes an active agent in his own effective development and the superior performs a role in advising, guiding and encouraging subordinates. This was as good a recipe for Ocean in 1973, as when McGregor was writing sixteen years previously. The new relationship would engender a new set of attitudes and this was an ingredient which had to be stressed in Ocean. A cornerstone of McGregor's thesis was self-development, facilitated, as already stated, in Ocean by positive individual involvement in individual performance planning (*vide*: Figure 11 page 106). What was to reinforce the approach being developed by the MDA was contained in the article by Philip R. Kelly on *Reappraisal of Appraisals - Is their purpose to evaluate performers or improve performance?* (1958).¹⁷ Kelly's conclusion was directly relevant to Ocean:

" ... the attainment of optimum performance by an individual involves both factors within his control and largely within the control of management. And the foundation of successful performance lies in a triad of individual ability, job structure and total job or organizational relationships."

Notwithstanding that Kelly was writing at a time when management systems operated within an organizational environment predominantly authoritative and centralist, his construct for optimum performance was equally relevant for Ocean's organizational change of the mid-1970s.

Another early contribution which helped to validate the Ocean appraisal system was an article by Harold Mayfield: *In Defense of Performance Appraisal*.¹⁸ Mayfield was setting out his views against a background of experience in industrial organizations. He offered a succinct definition of appraisal:

"Stripped of all jargon it is simply an attempt to think clearly about each person's performance and future prospects against the background of his total work situation."

Where McGregor concedes that "managers cannot escape making judgements about subordinates", Mayfield argues:

"Nearly every action affecting people is based in part on judgments about them, conscious or unconscious. intuitive, unexpressed judgments are much less likely to be considerate or sound than those which result from examination and discussion."

Mayfield also touches on a key element in the appraisal process - the man himself, i.e. the job holder. Here was the *sine qua non* for Ocean's scheme: the positive individual involvement in the performance review and assessment. There was unanimity among the project group members as to the job holder's comments being a focal point in the written assessment. Surprisingly, Mayfield makes only a passing reference to the written part of performance appraisal. There were some dissenting voices, including some personnel specialists, who argued Ocean would be introducing a system which could induce individual and organizational conflict. The counter argument was pressed by the MDA, who claimed that his experience in other organizations indicated that two-fold comments, the product of carefully considered and judiciously worded statement minimized negative conflict and rancour. There was much in this conflict of ideas about staff appraisal which pointed to the need for effective training and development in inter-active skills.

As indicated earlier, Ocean engaged P.A. Management Consultants to work in conjunction with the MDA on appraisal interviewing. They operated the tried and proven approach of Maier¹⁹ and this was to be the basis for developing managerial skills in appraisal interviewing throughout the period covered by this research study. Later in this chapter reference is made to a further programme of seminars on staff assessment in 1976 (*vide* Appendix 50); before the seminars were held Ocean had parted company with P.A. Management Consultants and were generating an in-company response to training in interactive skills.

In March 1967 B.I.M. published a Survey on Management Appraisal Practice (1967)²⁰. Information was collected and analysed on the appraisal schemes in 100 Companies with 500 to 500,000 employees and ranging over the whole spectrum of the "Standard Industrial Classification." The project group were, by a majority, opposed to the

B.I.M.'s "Aims of Appraisal", where they included Salary review. It was accepted that salary increases were directly commensurate with performance assessment, for staff on salary ranges, but it was argued that Salary Administration was a separate function, and so it remained in Ocean, during the period of this research study. The report included one statement, relating to Past Performance, on which there was a consensus in the project group; it records:

"In the schemes of those units where the philosophy of Management by Objectives has been adopted, work done (past performance) is assessed against work targets agreed between the appraisee and his boss, at the beginning of the review period. An extra advantage of this method is that the appraisee is aware of the criteria by which he is to be appraised throughout this period."

This was agreed unanimously and the Ocean process duly met such precepts. What did surprise the project group was that 85 of the 100 companies indicated the performance reviews and assessments were not seen by the appraisee. Clearly, this ran counter to the whole purpose of Ocean's results-oriented approach. The B.I.M. survey does not indicate how many companies had adopted M. by O. It would appear from the data that the number was small and this correlates with the small number assessing performance by a forced distribution rating scale. The project group were keenly interested to learn what companies were doing about the assessment of future potential. The B.I.M. survey contains an interesting comment on a scheme devised by Professor D.J. van Lennep of the University of Utrecht for Unilever. The project group learnt more about the behavioural criteria used in Unilever,

through their association with this company in Panocean Terminals on Merseyside. Additionally, discussions were held with staff in the Department of Psychology at Liverpool University; the decision was not to attempt, at least for some time, to use behavioural criteria in the appraisal of potential. It was a topic which continued to concern the project group until the issue of a policy paper in June 1974.²¹ Fuller comment on the topic of appraisal of potential is included in chapters 10 and 11.

The project group noted with satisfaction what the survey said about the involvement of line managers. Quoting from J.L. Haverda²² the survey authors wrote:

"However well-designed an appraisal scheme may be,
it will not produce good results automatically;
it must be made to live. It must be an integral
part of managers' work."

Here was a point of view which Ocean was to translate into action, as the linchpin of its appraisal system. It also explains why the two-day seminars, referred to previously, were so important, each one chaired by an Ocean Board Director and aimed both to instruct and create a dynamic response from the managers.

The reader will note that in the written communications, subsequent to the two-day seminars, there was a conscious attempt by the MDA to enthuse line managers on the role they would play in the appraisal scheme. The two-day seminars saw the scheme launched from the 'slipway'; there was a great deal to be done to make the scheme fully operational.

In 1968 Stanley Sloan and Alton C. Johnson, in their article: *New Context of Personal Appraisal*²³ provide not only a useful critique

of the contemporary state of the art, but make also references to two earlier works, which significantly influenced the MDA in his role as a management development adviser from 1968 onwards. The two books were written by Marion Kellogg: *What to Do About Performance Appraisal* (1965)²⁴ and *Closing the Performance Gap* (1967).²⁵ Both books were strongly commended to the author of this research study by Professor A.T.M. Wilson of the London Business School. At the time, in 1967, wide interest was being taken, in the second book, by a number of companies, whose representatives met from time to time with Professor 'Tommy' Wilson. There were members from Shell, Unilever, I.C.I., N.C.B., National Westminster Bank and other organizations. This forum continued to meet at the London Business School, with John Drew acting as liaison man until he departed for a senior post with the Rank Organization. One makes a point here, that for the practising manager, no less than for the academic, there are valuable spin-offs from inter-organizational liaison groups. Another valuable one was available through Ocean's membership of the Institute of Manpower Studies. From 1976 onwards, Ocean was a member of the HAY-MSL 'club'.

As for Kellogg's contributions, the reader is referred to the reviews by Sloan and Johnson, included at Appendix 19.

Before the end of the 1960s there was a further Information Summary 136 by the B.I.M. on *Performance Appraisals: What Managers Think* (1969)²⁶, a survey of management appraisal systems and procedures in four large U.K. organizations. The report had particular interest for the MDA as the survey was carried out at the Graduate Centre for Management Studies - a joint venture under the University of Birmingham and the new University based at Aston. It was at this centre that a series of management development programmes had been

organized for Turner & Newall, run jointly by the author and the Centre's Director: Leonard Minkes. Through him one learnt about the survey findings being presented by F.H. Haeri to B.I.M. The final published survey did not stimulate any significant change of emphasis by the project group, though Divisional personnel specialists were told the survey contained some contrasting approaches, and included a useful bibliography. Haeri contended that it is questionable whether a company appraisal scheme can have more than one major objective. Some of Haeri's conclusions were interesting to note; he reports:

"..... line managers generally showed a favourable attitude to the concept of appraisal, but often used the appraisal Scheme, its mechanism and weaknesses, to project unfavourable attitudes and criticism of personnel management in general. Many line managers were disturbed by lack of a clear definition of the personnel department's role and responsibility in matters such as appraisals, promotions and management development."

In Ocean, the line manager played a central role in staff appraisal as in management development work, generally. Policy was not decided by the Personnel Division; its role was to advise the Executive Committee and recommend policy, after appropriate discussions through Divisional General Managers. The MDA's role, as discussed previously, was to act as an internal consultant, and in the course of his interventions he did formulate policies and procedures for management development, but the authority to act lay with the Executive Committee. This was to give the Ocean appraisal scheme an impetus, which many schemes in other companies did not enjoy.

Before completing their deliberations in 1973, the project group were able to examine a number of contributions, as these were published in 1970 to 1973. One article by Paul H. Thompson and Gene W. Dalton 1. (1970) ²⁷ provided some telling insights into the dangers of a system of appraisal, which did not allow for an open system approach. Where the approach was inflexible it could easily lead to discouragement, cynicism and alienation.

By the late autumn of 1973 the proposed procedures on Ocean's appraisal system had been drafted. They spelt out what was required of line managers and when action was required. There were draft notes of guidance on the procedure, in terms of how to manage the process. The MDA was conscious that there was a third element in the process: to explain why and whilst the two-day seminars had afforded an opportunity to discuss the whys and wherefore, the MDA determined to set the *raison d'être* of Ocean's schemes in a behaviourally-oriented communication. This was agreed by the project group and the Deputy Chairman, and a copy is at Appendix 16 Annexe 7. It was sent to all line managers, who had attended a two-day seminar, and with a note attached from the Deputy Chairman. This was a means by which the terse, but necessarily incisive format of the document on the Procedure for the Ocean Group Appraisal System was tempered by the human touch. The reader will wish to compare Appendix 16 Annexe 6 and Annexe 7.

1970 was the year in which the Independent Assessment and Research Centre, directed by Kenneth Miller, held a one-day seminar on *Assessing Managerial Performance* (1970) ²⁸ when the two main speakers were Professor Edwin Ghiselli of the University of California and Professor M.D. Dunnette of the University of Minnesota. The MDA's particular interest lay with Dunnette who had been director of personnel research for the Minnesota Mining and Manufacturing Company (3M). The 3M company

in London was one of those whose appraisal schemes were studied by the MDA, and there is a comment on this on pages 154-155. Copies of the papers collated by I.A.R.C. were issued to the project group.

A telling remark made by Ghiselli was that:

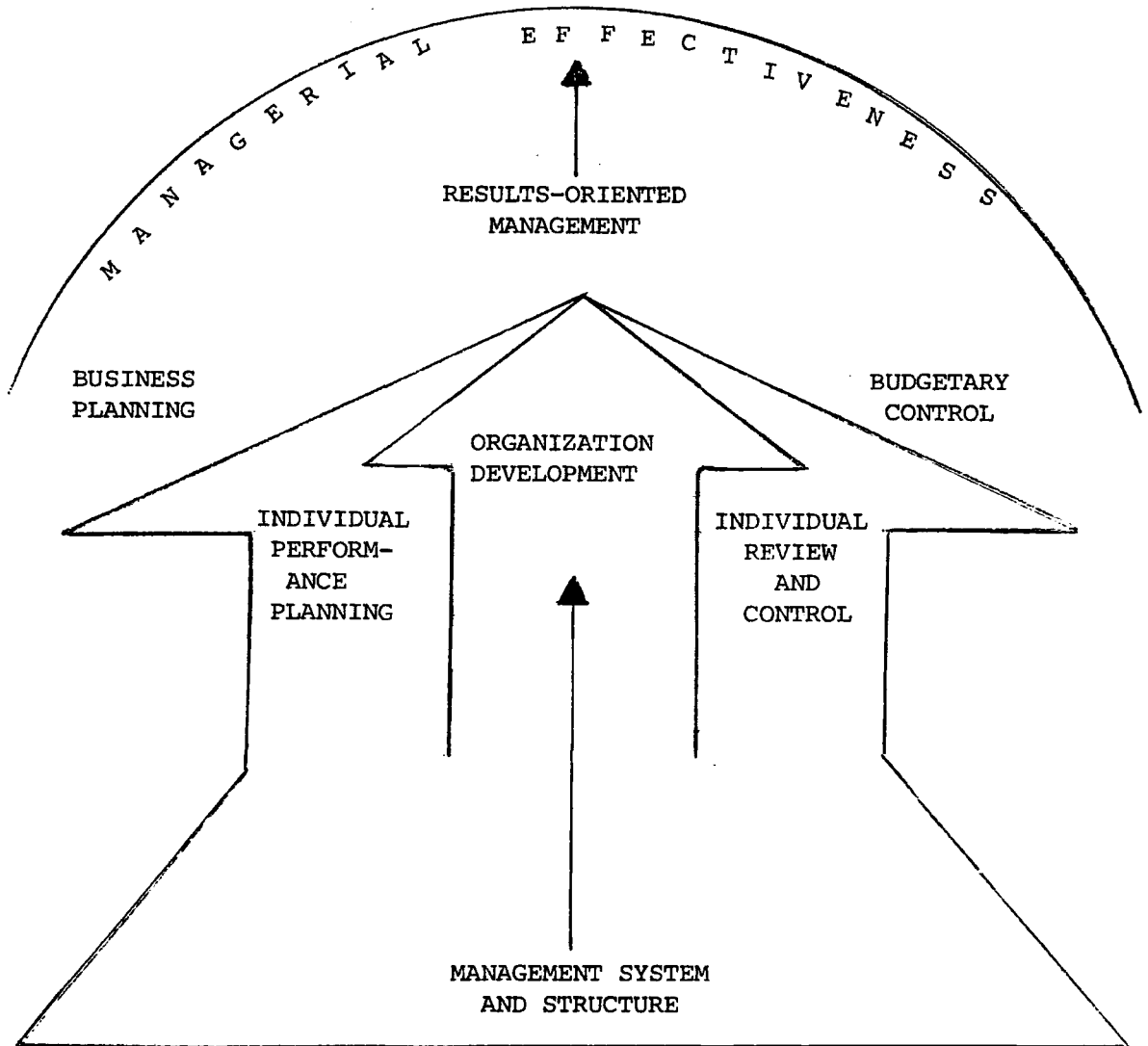
".....there are in all managerial jobs: planning, judging, evaluating, coordinating, and at the heart of these activities lies the cognitive abilities - intellect - so it is not surprising to find that sheer intelligence is a basic ingredient to success in all managerial jobs."

Ocean would be aiming to channel the cognitive abilities of its managers to ensure success of the appraisal scheme.

Helping with the project group's bespoke tailoring was an article by Winston Oberg: *Make performance relevant* (1972)²⁹. He sets out nine techniques and examines the methodology involved in matching the appropriate appraisal methods. For Ocean the way ahead was clear it was to recommend the introduction of an appraisal system which would interlock the two key elements of individual performance planning and assessment. The element of planning on the one hand, and review and control on the other, would be the twin pillars, each the corollary of the other and, together, the means by which business planning and budgetary control could be effectively brought into play in a results-oriented management approach, to achieve managerial effectiveness. A measure of this effectiveness would be profitability, but of equal importance would be the continuing, dynamic impact of the power of planning and control in generating the ongoing thrust of Ocean's organization development. This construct is illustrated in Figure 14 on page 150.

Figure 14

MANAGERS IN ACTION



The Power of Planning and Control
in generating a dynamic input
with organization development
to achieve:

MANAGERIAL EFFECTIVENESS

Towards the end of their 1973 deliberations the project group were able to study three books, bearing directly on the subject of appraisals. These were *Appraising Managers as Managers* by the well-known Californian Professor Harold Koonz;³⁰ and two British texts: Edgar Anstey, Clive Fletcher and James Walker on *Job Appraisal Review: Training Manual* (1971)³¹ and G.A. Randell: *Staff Appraisal* (1972).³² The first three U.K. authors were well-known as the top team of psychologists in The Behavioural Sciences Research Division of the Civil Service; some five years on their book: *Staff Appraisal and Development* (1976)³³ was published. Whilst having an orientation towards multi-unit organizations, it was germane to the work being done in Ocean, if for nothing else, the excellent treatment of the problem-solving approach in appraisal interviews. The findings were based on field research over five years in many large organizations in the industrial and commercial sectors, including Shell-Mex and B.P. (later, after brand separation, it was Shell - U.K. with which Ocean was linked); I.C.I.; Unilever; Electricity Council, and two enterprises more akin in size to Ocean: J. Sainsbury Limited (with whom Cory Distribution Services were closely tied) and Pilkington Brothers Limited in St Helen's. There were other major organizations consulted, such as the Post Office, Greater London Council, Surrey County Council, a provincial Police Force etc. The MDA was able to arrange some interesting exchanges, in the main, deriving from direct Ocean business associations with the respective organization, e.g. J. Sainsbury, Shell U.K. and Unilever.

Randell's book was also a psychologist's interpretation of the practical objectives of staff appraisal procedures. Where this latter book had a direct relevance was in Part II of the book which provides data on an action research project carried out by three members of

Fisons Limited: P.M.A. Packard, R.L. Shaw and A.J. Slater, who worked in conjunction with G.A. Randell. It provided an early U.K. text on improving staff appraisal through training. In this it was ahead of anything published by industrial training boards or findings published on the open market by industrial and commercial organizations.

The MDA had hoped for some helpful ideas being presented from a group of experts brought together in a one-day seminar on *Assessing Managerial Potential* under the auspices of the Independent Assessment and Research Centre in London in March 1971. Speakers included Edgar Anstey, J. Handyside of Standard Telephones and Cables and Professor T.W. Harrell of Stanford University and also Professor of Applied Psychology at Stanford Graduate Business School.³⁴ There was another presentation, by video tape, from Professor Dunnette, but the indirect presentation lacked vitality. None of the contributions made a significant impact, in terms of presenting any new format for assessing managerial potential, for the coming Ocean launch. The contributions by Handyside and Harrell were to contribute to the frame of reference for Ocean's Management Training Scheme, which is discussed in Chapter 10.

Before making some comments on ideas derived from U.K. organizations, it is pertinent here to say how much the project group considered they had been helped by George Odiorne's book on *Management by Objectives*.³⁵ His comments on Assessing Potential were as cogently relevant as anything the MDA had been able to present for discussion in the project group. Odiorne's six factors of potential comprised a predictive process for assessing potential:

1. The man's performance on his present and previous jobs
2. His native intelligence and aptitudes
3. His interests and desires
4. The relative scarcity of candidates
5. The individual's future availability for promotional opportunities (in Ocean the term career development was preferred)
6. His personal qualifications inventory.

Odiorne set these in a diagrammatic format which is reproduced in Figure 15 on page 163.

The reader may be smiling about the degree of affiliation of the Ocean scheme with Odiorne's work. It was not a case of the MDA being a choreographer of an odiorne assessment ballet; the truth lay in this author having more direct relevance to Ocean than many of the other writers, whose conceptual and empirical findings had been examined. For Ocean, the project group had carried out some in-depth soundings on S.O.D. (Stewart - Odiorne - Drucker).

As for company schemes the person to whom the MDA owed a particular debt was the Management Development Adviser of the British Steel Corporation. From his previous job with the National Coal Board the author of this research study had maintained a continuing link with the head of B.S.C.'s Management Appointments and Development Section. There was a simplicity and incisiveness of approach to Staff Assessment which could be usefully attuned to Ocean's needs. Their documentation referred also to 'Recommendations of Management Development Committee'. One kept this in mind for Ocean's needs, when the project group was no more.

In 3M the author was able to ruminate with the Personnel Director of the International Division. From him one learnt how the work of Dunnette was being translated into practice, but of more crucial interest to the MDA was the way in which 3M incorporated a Manpower Review Program; it had three basic objectives:

- 1." To provide management with organizational information which will indicate how it may make the best use of its management people resources. The program is intended to produce an evaluation of an organizational condition with regard to developing the personnel it will need for replacement and growth.
2. "To assist management in locating the best qualified people in the total 3M organization to fill specific promotional opportunities.
3. "To provide a formal means by which management can identify and take corrective action on such matters as departmental or job reorganization, individual development needs, transfers, and, where indicated, separations."

Herein was a sound input of ideas for the MDA's strategy to incorporate a manpower plan as an integral part of Ocean's strategic planning. What was otherwise significant was the precision of the Performance Appraisal form, covering four pages only, and including the element the MDA considered paramount for Ocean: Comments of Employee and

Appraiser plus the Appraiser's Superior. This was good copy for Ocean, but the indication that completed forms had to be returned to 'Salary Administration Department' begged a few questions.

Examining the Laing Group scheme provided some useful input of ideas on 'Setting Performance Targets', as well as leads from their appraisal system.

The Unigate Guide to Performance Appraisal and Assessment of Potential offered some interesting input of ideas in the way the appraisal was divided. The written record provided for a Job Performance Review in three parts:

Part 1 - The Past 12 months

Part 2 - The Next 12 months

Part 3 - The Future

with a written record on each part of the job interview. A separate part of the appraisal form provided a written record of 'Job Performance Action Report,' covering a Performance Report and Overall Performance Rating, and a section on Training and Future Potential, the latter including a three-fold assessment matrix. There was much in the format of the Unigate scheme which was to find replication in Ocean's documentation.

The Shell New Reporting System was examined and one noted the clarity in Presentation and there was much on the 'Report on Development' which was to find parallel implementation in Ocean. The MDA was able to draw on the expert advice of Ocean's senior executive director (he was the successor to Harry Chrimes as Deputy Chairman); he had been a top Shell man for most of his career. Additionally, as noted previously, one of the members of the project group had work experience in Shell. The Shell 'Development Form' embodied five, later only four, Basic Appraisal Categories, or basic qualities in men. They were:

1. Helicopter Quality
2. Power of Analysis
3. Imagination
4. Sense of Reality

To each an explanation was provided. Coupled with the above were Secondary Qualities, covering, *inter alia*:

- Commercial Approach
- Ability to inspire Enthusiasm
- Perseverance
- Decision-taking
- Awareness and utilization of relationships
within the enterprise
- Effective use of time and energy

They constituted a rich matrix, which could be applied to Ocean.

The MDA had discussions with other organizations; an interesting exchange with a former N.C.B. colleague who was, at the time of the action research, the Group Personnel Director of Tube Investments Group. One learnt something about T.I.'s Working Party on Management Development. There were close parallels with the work of Ocean's project group and a thought for a Management Development Committee, similar to that in B.S.C.

An interesting and productive approach to Potential Assessment was provided by Sun Alliance & London Insurance Group. This company's Personnel Department had produced a Management Development - Potential Development Handbook in April 1972, which was a sound guide for other organizations. The MDA learnt more about it when spending a week in 1975 alongside a Sun Alliance executive learning about new applications of Behavioural Sciences from Professors Handy, Pugh and Pym at the London Business School.

So much for the rich harvest of ideas gleaned from some U.K. companies.

A final comment must be made on the Survey of Current Practice on *Performance Appraisal in Perspective* presented by Deidre Gill, Bernard Ungerson and Manab Thakur, ³⁶ on-behalf of the Institute of Personnel Management (1973). This survey was tabled for discussion at the Personnel Managers' Committee meeting on 22nd February 1974 and was examined by the project group. Some key statistics from the I.P.M. survey were provided by the MDA and a copy of these is at Appendix 20.

*The most significant date of January 1974
was the launch of the Ocean Group Appraisal
Scheme on 22nd January 1974.*

The outcomes would be seen not only in 1974 but over the ensuing years, as part of the Ocean management development programme.

The success of any appraisal scheme depends, in large measure, on effective and incisive administration. The Cory Personnel Director's remit to divisional assessors, included at Appendix 21, was a useful example.

The Personnel Executive for the Liverpool Divisions reported in February that they were 'struggling on'; there was a perceived shortfall in implementation in one major division.

O.M.I.'s personnel executive requested the MDA to run a series of one-day seminars for managers in grades 11 to 15 (middle/senior managers) who had not been participants on earlier assessment training programmes. This was the most constructive approach taken by any division, without having to be impelled forward by the MDA. A copy of the one-day seminar programme is at Appendix 22.

At the meeting of the Personnel Manager's Committee in February 1974 comment was made on the difficulty many assessors had encountered in relation to the review of performance. There was a clear indication that Ocean's management had some way to go before managerial responsibility and accountability devolved effectively on lower echelons of managers. This was an element in the appraisal scheme which would be monitored by the Executive Committee; if it was felt to be needed they could be called in, where there was non-compliance with procedure. But, as indicated previously, the MDA had set a three-year action programme during which time he aimed to make the scheme operationally effective. There were some issues which were to emerge as continuing problems, as they related to activities which had played a key role in Ocean's shipping management, down the years. Sadly, for many of Ocean's loyal servants, the 1970s were to see, not only a significant decrease in Ocean's sea-going tonnage, but also a decline in support services. It was these which could not justify the current manning if both technological and economic factors were to be properly related to performance planning. Whilst there were strategic issues involved, which primarily concerned line managers and not the Personnel Division, it was the latter which became the 'whipping boy' and the MDA in particular. Notwithstanding, some commendable innovative approaches to expanding its activities, through third-party ship management, a long-standing and highly reputable Ocean activity was closed down at the end of the decade. There is an important lesson here: the necessity for a highly sensitive response by a management development adviser to the impact of internal and external environmental factors on a business enterprise.

Overall, the launch of Ocean's scheme was successful, notwithstanding the innocuous remark from the head of the Personnel Division, that the MDA had been "determined to sail on, barnacles and all!" The fact

remained that the decision of last resort rested with the Ocean Board of Directors, advised by its top echelon: the Executive Committee; it was not the whim of the MDA.

The meeting of the project group in March 1974 noted with measured self-esteem that their recommendations had been fruitful and the interventions of the MDA a positive force in achieving a major organizational development.

The hard facts of the MDA's audit of staff assessments carried out in May and June 1974 pointed a way ahead. The approach to the management audit was two-fold:

1. an informed general discussion with Divisional General Managers and their unit general managers or heads of activities in groups, and
2. responses by individual senior managers and their managers, who had acted as assessors, to a questionnaire, aimed to provide open-ended responses to the following questions:
 - 2.1 What were your individual approaches in carrying out the performance review?
 - 2.2 What problems were encountered in determining:
 - 2.2.1 specific objectives (KRAs and Targets)
 - 2.2.2 response of the job-holder to the performance assessment
 - 2.2.3 the decision on performance rating?
 - 2.3 How did you determine the training and development needs of the job-holder?
 - 2.4 Were there any unresolved issues on your proposed training programmes?
 - 2.5 Is there any significant feedback, which you can pass on to central management for future Ocean management development programmes?
 - 2.6 What lessons can we learn from the review of individual potential?

The following data from the audit was incorporated in a report for the Executive Committee:

1. 9 senior managers out of 20 said they had not insisted that assessors should involve the assessee in forward planning. Of the 9, 4 maintained that senior management should set budget plans; managers executed them.
2. 14 senior managers reported that they were satisfied with the assessment rating procedure. 4 out of the 20 said they would prefer a numerical rating, preferably rating on a percentage basis. When asked what percentage would be assigned to the achievement of standard performance, no uniform answer emerged. Two argued for a minimum of 80% achievement of standard performance to equate with an average salary increase. Of the 20 senior managers, 5 appeared to consider the assessment rating should be used as the unqualified decision for any salary increase. Any special consideration for non-anticipated individual constraints should be taken into account in making the performance assessment. This should remain the inviolate pre-emptor of performance rating, which should not be changed.
3. The general view was that Part 5 of the assessments on TRAINING AND DEVELOPMENT required more information on the training strategy proposed for the Group. On this point, a number of senior managers argued that determining development and training policy lay with the personnel departments, whose prescriptions should be available to assessors prior to the interviews. 14 out of 20 senior managers said they would prefer potential reviews carried out, for staff in grade 14 and above, by an Ocean selection board. 2 out of 20 were satisfied that they should be responsible for recommending career development.

Replies from managers in grades 13 to 16, proportionately distributed between the four grades, provided answers, in similar vein to their superiors, excepting that some 40 were critical of the way in which the performance reviews were carried out. Representatives from one business activity reported that they had been told, unequivocally, that they would not be involved in a dialogue on setting budget plans; this was said to be a matter within the scope of senior managers only.

Some 15 managers reported their assessors had not modified their judgement on 'Achievement' under Part 1 of the Review of Performance when issues not previously taken into account were brought into discussion. The inference was that achievement was determined prior to the assessment interview, and, in some cases without there having been any meaningful periodic review of progress during the previous twelve months, apart from supplying cost control data.

124 of the 162 managers consulted considered development and training programmes should be designed ahead of the assessment interviews. This would enable assessors to make meaningful recommendations.

151 managers considered central machinery should be established for individuals with high potential. Managers should not be asked to make any assessment of potential beyond the ensuing twelve months or, at the most, three years. An appropriate amendment, incorporating this recommendation, was agreed for the potential review in 1975 onwards.

The findings of the audit indicated the appraisal process needed to be sharpened and this done by further interventions over the following five years. A report on the audit was considered by the Executive Committee in June 1974.

The requirements from the Executive Committee set some of the inputs for the MDA's strategic plan for 1975 - 80. This plan formed part of the Group Personnel Division Strategic Plan, presented to the Executive Committee

sitting as a Strategic Planning Review body, with some acolytes from the Group Strategic Planning Unit, in November 1974. An extract from the plan is at Appendix 23.

It was evident that the Chairman and his colleagues were committed to seeing the Group Appraisal Scheme becoming a major instrument of managerial effectiveness. This will be examined further in the following chapters.

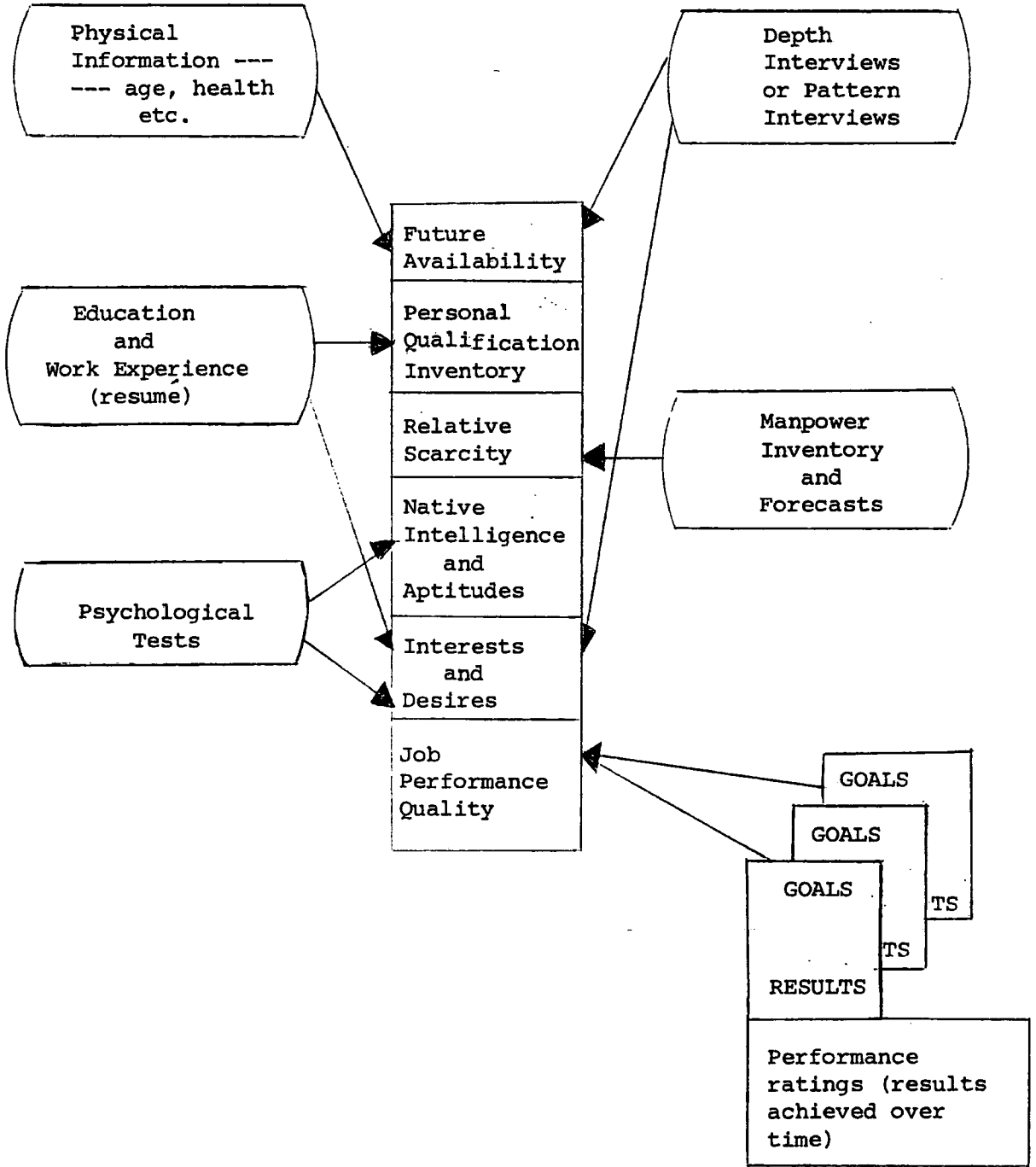
What can be said, in concluding this chapter, about the interventions by the project group and the MDA?

First and foremost the aim was to integrate the appraisal system into Ocean's existing strategic planning and control systems, and thereby facilitate the effectiveness of the managerial system as a whole. In this, one was being consistent with the prescription set out by Chris Argyris in *Intervention Theory and Method*.³⁷ As he suggested, an interventionist approach should "define, as systematically as possible, a framework that will be internally consistent and useful, and above all will show clearly some areas in which research is needed." Argyris argues that research is necessary "because without it theories can become sterile and practice non-addictive, even confused." The Ocean scheme did not stress the underpinning of theoretical concepts; it did claim to be based on a consistent framework of precepts. Argyris is helpful here; he reminds one that "consistency does not guarantee validity." The Ocean project group and the MDA claimed no theoretical infallibility for the Ocean scheme: they did consider that the empirically pragmatic approach would meet the one test for the criterion of success, an improvement in managerial effectiveness. Such a test would be the measure of validity. A further critique on the intervention approach is included in the last chapter.

This chapter has set out some of the variegated tapestry of ideas from which the project group and the MDA were able to intertwine some cross threads for the Ocean pattern of staff appraisal. It was the product of rigorous pragmatic empiricism and not abstract theoretical constructs.

Figure 15

FACTORS IN RATING POTENTIAL



Source: George S. Odiorne: Management by Objectives

References

1. Norman R.F. Maier: The Appraisal Interview
(John Wiley, 1958)
2. M.R. Williams: Performance Appraisal in Management
(Heinemann, 1972)
3. Rosemary Stewart: Reactions to Appraisal Interviews
(Journal of Management Studies Vol. 2 No.1 February 1965)
4. A.P.O. Williams: Increasing the Value of Management Appraisal Schemes:
An Organizations Learning Approach
(Journal of Management Studies Volume VII pages 23 to 36 1970)
5. British Institute of Management: Information Summary 133
Management Appraisal Practices (1967)
6. British Institute of Management: Information Summary 136
Performance Appraisals: What Managers Think (1969)
7. Institute of Personnel Management: Information Report 13
Performance Appraisal in Perspective - A Survey
of Current Performance (1973)
8. Ken Back and Michael Horner: Successful Schemes for Management
Appraisal
(Personnel Management Vol. 5 No. 7 July 1973)
9. C. Sofer and M. Tuchman: The Appraisal Interview and Structure of
Colleague Relations
(The Sociological Review Vol. 18 1970)
10. Graeme Salaman: A Sociology of Appraisal
(Industrial Commercial Training Vol. 3 No. 3 1971)
11. Douglas McGregor: An uneasy look at performance appraisal
(Harvard Business Review May/June 1957)
12. Douglas McGregor: *op. cit.*

13. Lindsay (Sir) Alexander: Industrial Democracy - Memorandum by
Ocean Transport & Trading Limited - 29th March 1976
14. Rosemary Stewart: *op. cit.*
15. Kay Rowe: An Appraisal of Appraisals
Journal of Management Studies Vol. 1 1964 pages
16. R. Stewart: *op. cit.* page 99
17. Philip R. Kelly: Reappraisal of Appraisals
(Harvard Business Review May/June 1958)
18. Harold Mayfield: In Defense of Performance Appraisal
(Harvard Business Review March/April 1960)
19. Norman R.F. Maier: *op. cit.*
20. B.I.M.: *op. cit.*
21. Ocean Group: 'Career Development for General Management'
Policy Paper 17/1 - June 1974
22. J.L. Haverda: Management Appraisal in Unilever
(Unilever house journal No. 3 1966)
23. Stanley Sloan and Alton C. Johnson: New Context of Personal
Appraisal
(Harvard Business Review - November/December 1968)
24. Marion S. Kellogg: What to do about Performance Appraisal
(A.M.A. 1965)
25. Marion S. Kellogg: Closing the Performance Gap
(A.M.A. 1967)
26. B.I.M. *op. cit.*
27. Paul H. Thompson and Gene W. Dalton: Performance appraisal:
managers beware
(Harvard Business Review - January/February 1970)
28. E.G. Ghiselli and M.D. Dunnette: Assessing Managerial Performance
(Independent Assessment and Research Centre - London 1971)

29. Winston Oberg: Make performance appraisal relevant
(Harvard Business Review January/February 1972)
30. Harold Koonz: Appraising Managers as Managers
(McGraw-Hill 1971)
31. Edgar Anstey, Clive Fletcher and James Walker: Job Appraisal Review -
Training Manual
(H.M.S.O. 1972)
32. G.A. Randell: Staff Appraisal
Institute of Personnel Management (1972)
33. Edgar Anstey, Clive Fletcher and James Walker: Staff Appraisal
and Development
(George Allen & Unwin 1976)
34. Edgar Anstey, J. Handyside, M. Dunnette and T. Harrelli:
Assessing Managerial Potential
(Independent Assessment and Research Centre 1971)
35. George S. Odiorne: Management by Objectives
(Pitman, N. York 1965)
36. Deidre Gill, Bernard Ungerson and Manab Thakur: *op. cit.*
37. Chris Argyris: Intervention Theory and Method
(Addison-Wesley 1970)

Additional Bibliography

The following are some of the texts and articles examined during 1972/73:

- (i) L. Festinger: A Theory of Cognitive Dissonance
(Harper & Row 1957)
- (ii) Chris Argyris: Personality and Organization
(Harper & Row 1957)
- (iii) Chris Argyris: Interpersonal Competence and Organizational
Effectiveness
(Dorsey Press 1962)
- (iv) Chris Argyris: Integrating the Individual and the Organization
(John Wiley 1964)
- (v) D.C. McClelland: The Achieving Society
(Free Press 1960)
- (vi) R.B. Cattell: The Scientific Analysis of Personality
(Penguin 1965)
- (vii) E.H. Schein: Organization Psychology
(Prentice-Hall 1965)
- (viii) G. Lippitt: Organization Renewal
(Appleton-Century-Crofts 1969)
- (ix) Virgil K. Rowland: Evaluating and Improving Managerial
Performance
(McGraw-Hill 1970)

Journals

1. Sheldon A. Davis: "An Organic Problem-solving Method of
Organizational Change"
(Journal of Applied Behavioral Science Vol. 3 No. 1 1967)
2. T.M. Husband: Spotlight on Managers
(Personnel Management May 1970)
3. H. Levinson: Management by Whose Objectives?
(Harvard Business Review July/August 1970)
4. B. Frank White and Louis B. Barnes: Power networks in the appraisal
system
(Harvard Business Review May/June 1971)
5. J.W.H. Combrink: Appraising Job Appraisal
(European Business Summer 1970)
6. Ronald J. Burke: Why Performance Appraisal Systems Fail
(Personnel Administration May/June 1972)
7. N.B. Winstanley: Performance Appraisal: Another Pollution Problem
(The Conference Board RECORD September 1972)

PART FIVE - TIME FRAME REFERENCESMANAGEMENT DEVELOPMENT IN OCEAN

The chapter covers a ten-fold spectrum of management development activities, which are examined within the ongoing time frame of 1974-80.

The following catalogues the main activities under separate sub-titles.

1. The framework for management development

- p. 176 interlocking of management development with Business Forecasts and Individuals - centrality of career planning
Figure 16 page 177
- pp. 176-79 role of management development and organization development in facilitating current and future management effectiveness
Figure 17 p. 178
- pp. 179-80 interlocking activities in Ocean defined: management development, manpower planning and organization development
- pp. 213-15 the place of a central management service
- p. 256 continuum of management development 1972-1980
Figure 29

2. Management Development Techniques

- p. 188 auditing management development Appendix 31
- p. 198 Charles Bowen dismisses single-mould techniques

3. The management development role in Ocean

- p. 170 discussion paper presented to GTC Appendix 24
- pp. 171-2 an interlocking approach for management development
- p. 178 Figure 17 - the interlocking roles of management development and organization development
- p. 218 MDA redefines role Appendix 39

4. Ocean Management Development Programmes

p. 171	recommendations of project group submitted to GTC	Appendix 25
p. 172	scope of management development programme	
pp. 243-45	management development and training	
p. 246	the MDA as ANALYST	
pp. 246-48	learning theory	
pp. 249-51	approaches for management development and training	
p. 252	the MDA as ADAPTER	
p. 252	the MDA's posture on management development	
p. 252	importance of evaluation	Appendix 53
p. 252	cost effectiveness	Appendix 54
p. 252	Ocean management development programmes	Appendices 56 and 57
pp. 253-55	Ocean's approach examined in context with (i) MSC Discussion Document 1977 (ii) Pocock Report 1977	

5. Career development

p. 173	Ocean sets out policy on career development - a Management Training Scheme - career development for general management	Appendix 27 Appendix 28
p. 173	selection process for career development	
p. 174	women enter Ocean management	
p. 198	action-centred training through performance improvements	Appendix 34
pp. 200-1	John Morris' concept of joint development activities	Appendix 36
pp. 202-7	Ocean's management training scheme examined	Appendix 27
pp. 207-8	Revan's action learning compared with Ocean's action-centred training	Appendix 34
p. 209	career development for general management	Appendix 28
p. 211	team development not a new technique	
p. 216	inertia in some parts of the Group	
p. 219	a redefinition of career development for 1977 onwards	Appendix 40

6. Factors influencing management development in Ocean
pp. 174-76 main factors identified
7. Counselling and Coaching
p. 180 counselling and coaching skills incorporated in training programme at Sundridge Park Appendix 30
p. 200 coaching with Hawdon Hague
8. Group Appraisal Scheme
p. 174 a revised scheme introduced in January 1977
pp. 220-45 the revision of the appraisal scheme examined
p. 222 Deputy Chairman's call for action Appendix 41
p. 223 MDA's guidance notes for managers Appendices 42 and 43
p. 224 a board member sets parameters for appraisal Appendix 44
p. 225 consideration of applying expectations approach Appendix 45
p. 226 discussion paper for General Managers' Meeting Appendix 46
pp. 259-62 new format for assessments
p. 227 operational control of appraisal scheme transferred to Divisional General Managers; MDA required to submit annual review
pp. 232-38 a re-examination of review of potential
p. 236 Ocean experiments with a profile inventory - the Kostick PAPI Appendix 48
pp. 238-39 new interpretations - no new discoveries
9. Conceptual Theory and Action Research
pp. 181-98 (a) management development
p. 217 (b) career dynamics with Edgar Schein
pp. 228-32 (c) action research findings
10. Strategic business planning and the management development function
p. 216 MDA presents discussion paper on Strategic Management Development Appendix 38

Chapter 10Challenges for an Interventionist 1974-79

The five year period from June 1974 to June 1979 provided opportunities to extend the field of interventions by the MDA; it covered a wide spectrum of management development activities:

1. Appraisal of staff in conjunction with Ocean's planning and control systems, continued from January 1974;
2. Manpower development (company-oriented);
3. Management development programmes, providing for behavioural and organizational change (individual-oriented);
4. Counselling and coaching skills training, and
5. Career development.

June 1974 saw the establishment of the Group Training Committee, under the chairmanship of the Group Deputy Chairman: H. B. Chrimes. It was constituted as a sub-committee of the Executive Committee, with responsibility to make recommendations to its parent committee on all aspects of management development, career planning and development, and the development and training of all grades of shore-based staff. Members included two Divisional General Managers (one a main Board member) and senior and middle managers drawn from operating staff and service divisions, and the Group Personnel Director: R.L. Hodges, the MDA and the latter's deputy acting as secretary to the committee. Including the chairman, there were 12 nominated members. Under Harry Chrimes' chairmanship the Group Training Committee (hereafter abbreviated to GTC) became the major vehicle through which the MDA was able to maintain the forward thrust of management and organization development, during the second half of the 1970s.

The principal agenda items of its first meeting in June 1974 were:

1. An examination of the management development function and the role of the management development adviser in Ocean.
2. Report of project group on an Ocean Management Development Programme.
3. Recommendations of the project group covering:
 - 3.1 Management Training Scheme for Younger People
 - 3.2 Career Development for General Management

Chrimes put on record the valuable work which, the Executive Committee acknowledged, had been carried out by Lenox-Conyngham, the MDA and other members of the project group. It was to be noted that the Group Appraisal System was the one exception to the freedom extended to General Managers to adopt whatever means they considered appropriate for communicating with their employees. Line managers were being asked to operate the appraisal of staff, within the framework set out by the Executive Committee. Chrimes added that the Ocean Board placed great stress on the fourth of the Group's strategic objectives (*vide* Appendix 6 page 1):

"to be a responsible employer."

This was no idle policy of intent, but a pre-emptor for some sustained efforts to change the organizational climate in Ocean (*vide* Chapter 11 page 276 *et seq*).

The MDA had prepared a discussion paper on the role of Management Development in Ocean. It had been submitted in draft form to a meeting of Divisional General Managers and a final draft had been vetted by Dick Hodges and the Deputy Chairman. The statement is reproduced at Appendix 24, and the reader will observe it set out, in unequivocal terms, the part to be played by general managers and the MDA. This was the two-pronged thrust of the Ocean approach.

The format of the paper owed much to the MDA's former mentor: Professor A.T.M. Wilson and to discussions with Professor John Morris of Manchester Business School, Philip Sadler of Ashridge Management College, former colleagues in Turner & Newall, members of the liaison group on management development in London Business School, and to members of the Management Development Group set up by Professor Michael Bourn in Liverpool University. From 1973 onwards the MDA was Ocean's representative on the Management Development Committee of the General Council of British Shipping (which had taken under its umbrella the British Shipping Federation). These contacts and the writings of many British and American experts constituted a rich reservoir of ideas, and to those, not specifically referred to in the text, a debt of gratitude is owed.

At Appendix 25 is reproduced the document prepared by the MDA for an Ocean Management Development Programme. Again care was taken to spell out the roles to be played by general managers, the MDA and personnel specialists. The format of the paper owed a great deal to the help given by the project group. It was presented for discussion at a meeting of the Personnel Managers' Committee in January 1974. Most importantly, adequate time had to be given to Divisions to mull over the proposals, and, additionally, to consider them in the light of data derived from the staff assessments, during January to March 1974.

The reader may consider the statement somewhat dogmatic. It was the product of some rigorous analysis of development needs by the Ocean project group. It also owed much to the five-year period spent by the author as a Group management development and training adviser with Turner & Newall. One of the convictions was that success in Ocean would depend on continuing and effective support from line management. Furthermore, the process of management development in Ocean was to be based on an interlocking approach, between the major constituents of resource

management: the financial, physico-technical and human resources of the enterprise. It called for close integration between strategic planning, management and organization development. The approach would be wholly consistent with the design and development of the appraisal system.

A useful primer for the work in Ocean had been a two-day seminar arranged by Professor Peter Forrester and Tom Shaefer at Cranfield School of Management in September 1970. Two of the topics for syndicate discussion were:

- "1. Where in an organization should responsibility lie for Management Development, and how should this responsibility be expressed in managerial relationships?"
- "2. How can a Management Development Programme be justified?"

A report on the seminar compiled by the personnel executive of British Industrial Plastics (a Turner & Newall subsidiary company) is reproduced at Appendix 26. Paragraphs 5, 6 and 7 were logged by the author. They were to be activated in Ocean, as they had been in Turner & Newall, helped by Bob Hamlin who was seconded to work with the author of this study, in Manchester 1970-72.

The initial management development programme approved by the Executive Committee in September 1974 covered three courses on:

1. Problem-Solving and Managing People
2. Planning and Finance
3. Marketing in Ocean

These courses are discussed in Appendices 56 and 57.

The third of the selected items from the agenda of the inaugural meeting of the G.T.C. concerned a major recommendation of the project group. It provided for a much broader-based approach to career development than

the élitist top management career moulding of Ocean's "student princes"; Oxbridge men who had straddled the top echelon of Ocean Steam Ship Company from 1947-1974.

The new career development system was set out in two Policy Papers in June 1974 and covered:

1. A Management Training Scheme, which would provide an accelerated development programme for young people who had demonstrated the potential for promotion to managerial posts at grades 15 and above. Alongside this cadre of young people would be an annual intake of graduates from a wider recruitment source than Oxbridge alone.
2. Career Development for General Management, which covered staff in grades 11 and above, who would be selected for general management training and development.

The final selection for both career development schemes was made by a board consisting of a Group Executive Director, the Group Personnel Director, a subsidiary Company Director and the Group Management Development and Training Adviser. In practice the board was reconstituted for the annual selection process. Copies of the Policy Papers are at Appendix 27 and Appendix 28, and their role in career development is examined in this chapter.

It would be wrong to assume that the old order changed abruptly; two years on from 1974 Alexander was to record his debt to the "student princes" who had "led Ocean away from the sea." In an article written by John Wyles in The Financial Times, 9th November 1976, he relates how the company had been steered through a period of phenomenal change by Alexander (a copy of the article is at Appendix 29).

It is interesting to recall that, as well as widening the recruitment of university graduates, men and women, Ocean, along with other U.K. shipping companies, opened its doors to female 'midshipmen'; there was but a handful at first, two being daughters of Ocean seagoing captains. However, they were part of a revolution in the training at 'Aulis' - Ocean Fleets' residential cadet training establishment at Aigburth (*vide* booklet on Ocean: '*A Worldwide Service in Transportation in the back pocket of Volume 2 of this research study*).

As for the appraisal system which has covered many pages in this action research study, a concluding comment will be set out in this chapter taking the scheme forward to 1977. During the three years 1974-76 there was an increasing number of studies on appraisals and some of these were examined for the revision of Ocean's scheme carried out at the end of 1976. What can be said at this point is that Ocean derived real benefit from membership of the Institute of Manpower Studies, especially in its approach to Assessing Potential and in the introduction of Manpower and Succession Planning. As these were closely aligned with Ocean's organizational change and development, they are topics included in chapter 11.

From this brief descriptive overview of the activities covered under management development, it is reasonable to contend it was a wider portfolio than planning and implementing the Group appraisal system. But it would be wrong not to acknowledge that the early work on the latter system provided the platform from which other management development strategies would be built. There were some key factors which were to influence the strategy, structure and process of management development in the 1970s; they were:

1. the acquisition of Wm Cory & Son in 1972;
2. the introduction of strategic business planning and a Group-wide system of budgetary control, from 1972 onwards, and
3. the leadership of Alexander.

There was a fourth factor not fashioned by the Chairman: the defeat of the Heath Government in 1974.

Changing industrial relations scenarios in the late sixties and early seventies, following the work of the Donovan Commission 1965-68, and the Industrial Relations Act 1971, had seen companies and unions having to comply with a new set of legal requirements, including a new form of law administered by the National Industrial Relations Court, headed by Sir John Donaldson, later to become Master of the Rolls. The Court was short-lived and was abolished by the new Labour Government of Harold Wilson in 1974, along with the disappearance of the Commission on Industrial Relations, headed by the former T.U.C. General Secretary: George Woodcock. Many, including the author of this study, deeply regretted the folding up of the C.I.R. The Wilson Government replaced it with, firstly, the Conciliation and Arbitration Service (C.A.S.) and then, under the Employment Protection Act 1975, established the Advisory Conciliation and Arbitration Service (A.C.A.S.), with Jim Mortimer, a well-known trade unionist, as chairman. The Ocean Group, as did other companies, responded positively to the barrage of new employment laws and regulations. They did so as both prudent employers and respecters of the rule of law.

But what did awaken a heartening response from Alexander and his top team was the setting up in December 1975 of the Committee of Inquiry into Industrial Democracy under Lord Bullock, Master of St Catherine's College, Oxford. Alexander's memorandum of 29th March 1976 (*vide*: Appendix 18) to the Bullock Committee provided some much needed impetus to the change in Ocean's managerial style, a topic commented on further in chapter 11. For the management development programme it was to engender some interesting discussion on the development of communication and consultative procedures.

Of the nine management courses conducted at Sundridge Park Management Centre, five included sessions on the concept of consultation and participation, in context with the work of the Bullock Committee and the new initiatives being launched within Ocean.

It is an appropriate point in this chapter to comment on the framework used for management development.

Figure 16 on page 177 illustrates the conjunction between Ocean's Business and Forecasts and Individuals and Jobs. Indicatively the centre spot is taken by career planning and the process by which career plans derive from agreement by the individual and the manager. This points to the two-fold purpose of harmonising the needs of individuals with the needs of the company. Framed either side of career planning are the inter-related activities of:

1. meeting present training needs, as indicated by performance appraisal and an analysis of current skills shortage, and
2. planning to meet long-term development needs, as indicated from an assessment of individual potential and future manpower projections, as required in the long-term strategy.

Decisions on both tactical plans to meet current needs and the strategy for long-term development needs depend, for their appropriateness, on the effective analysis and evaluation of managerial work.

Figure 17 on page 178 is an algorithmic presentation of the role of management and organization development in facilitating current and future managerial effectiveness, i.e. achieving the Group's strategic objectives with optimal profitability and satisfaction, in terms of material reward and other forms of recognition, for Ocean employees.

Stages 1 to 3 and 4 to 7 operate in parallel, culminating in an assessment of individual development and training needs; this is the product of the analysis of managerial work and a performance review.

INDIVIDUALS AND JOBS

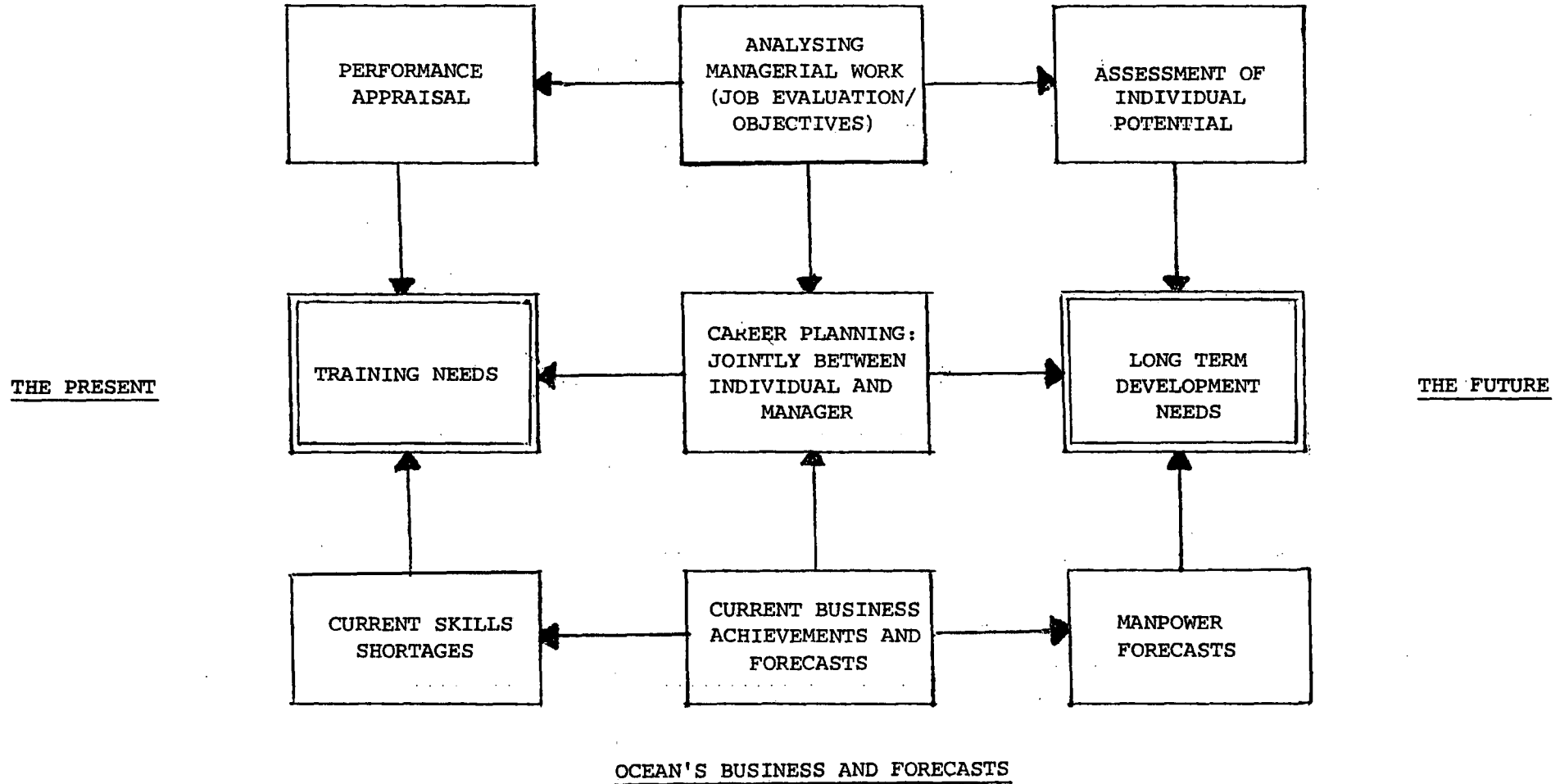


Figure 16

OCEAN GROUP

THE ROLE OF MANAGEMENT DEVELOPMENT AND ORGANIZATION DEVELOPMENT IN FACILITATING CURRENT AND FUTURE MANAGERIAL EFFECTIVENESS

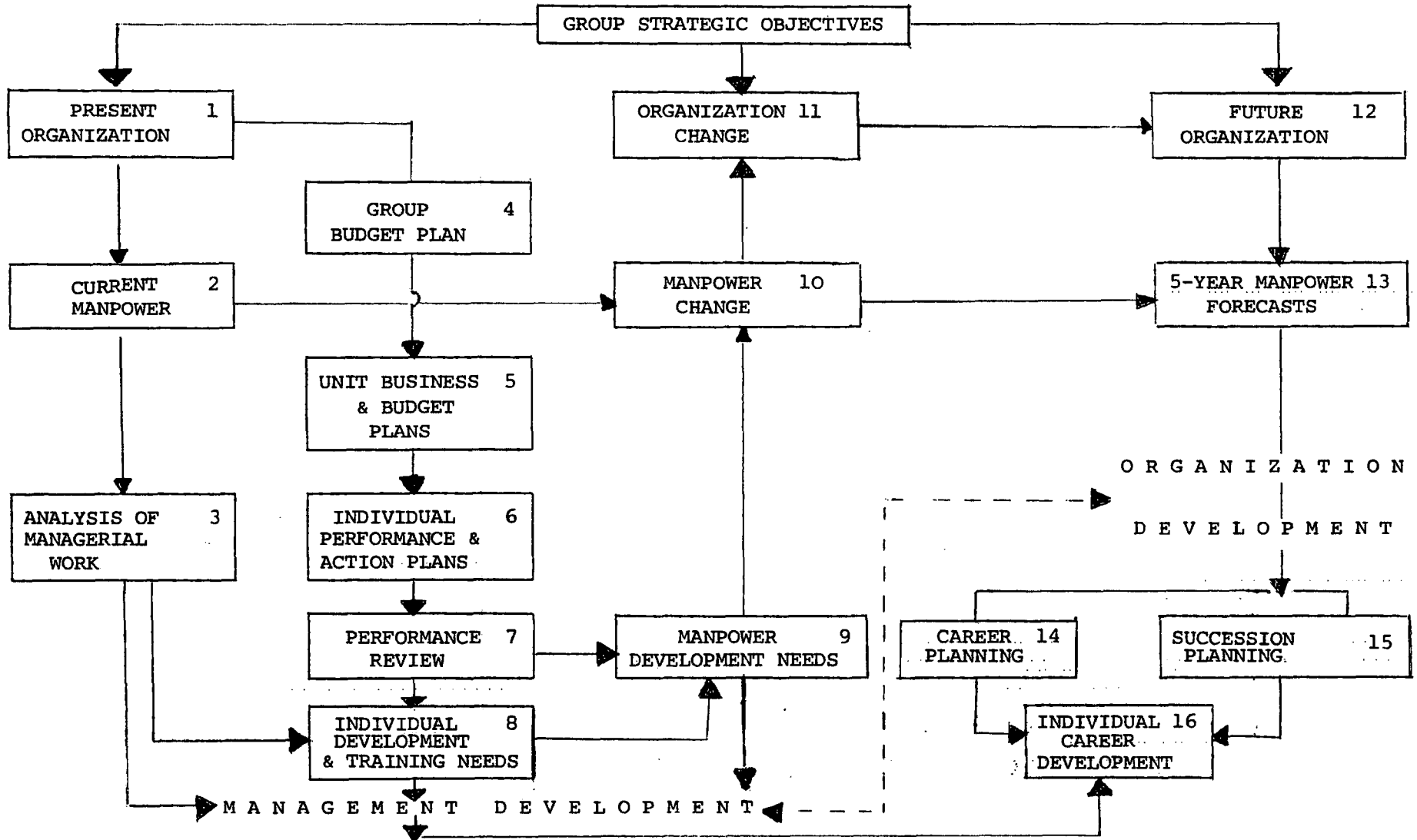


Figure 17

The latter provides the input for an analysis of manpower development needs, both as to the needs of the individual business/activity and the Group as a whole.

The completion of Stage 9 pre-empts the analysis of manpower change requirements (Stage 10) followed by some prescription for organization change (Stage 11). This is followed by consideration of the future organizational pattern (Stage 12) which is coupled with five-year manpower forecasts (Stage 13). From this it is possible to determine the main strands for career planning and succession planning (Stages 14 and 15). Stages 12 to 15 form inputs for organization development, to be discussed in chapter 11.

The MDA chose to treat Stages 8 and 16 as inter-related aspects of management development.

For the management training process a ready-made prescription was provided by John Humble,¹ and this was married to the Ocean management development programme; it is included as Figure 18 on page 265.

Wherein lay the conceptual theory underpinning managerial development in Ocean?

One can begin to answer the question by stating the general definitions for management development, manpower planning and organization development as adopted by Ocean, and then compare these concepts with those set out by other authors:

Management Development is a key aspect of human resource management and, as such, linked to the real problems of business: the optimization of resources to achieve planned business results, and to the general process of management. The process of management development is job-oriented and comprises all activities which enable

an individual to perform well in his/her job. It covers both overall manpower development and individual development and training.

Manpower Planning is concerned with the strategy, structure and process of acquiring, deploying, improving and maintaining Ocean's human resources. It is closely integrated with individual career planning, whereby Ocean seeks to identify those individuals who have potential to manage at superior levels and to plan their future careers.

Organization Development embraces the *planned* and *instrumented* way in which Ocean aims to change the culture, systems and behaviour patterns which reflect the Group at work. The aim is to improve managerial effectiveness, through effective decision-making and the corresponding execution of managerial work.

The reader will observe that there is some overlapping in definition and this is explained by the way management development and organization development operate in a contrapuntal fashion and, when in harmony with each other, provide the main instruments to sustain the rhythm of change.

As part of his 1974 action programme the MDA worked with two personnel executives from operating divisions, to extend the system of appraisal of performance. This centred on the development of counselling and coaching skills; they were incorporated into the programme at Sundridge Park Management Centre from late 1974 through 1976. Some notes prepared by the MDA for the Sundridge Park Courses are at Appendix 30.

Additionally, coaching skills training was carried out conjointly with Hawdon Hague in an Ocean subsidiary company. More about this later in the chapter.

So much for an overview of the management development function as it unfolded from 1974 onwards.

How far were the initiatives and interventions of the MDA commensurate with the conceptual ideas of the 1960s and early 1970s?

In a paper presented to BACIE, London and Home Counties Group in 1961, A.T.M. Wilson, then Adviser/Application for the Social Sciences, for Unilever, discussed: *Some Aspects of Management Development and Training*.² The paper dealt, *inter alia*, with some factors leading to increasing interest in systematic management development and training. Wilson argued that one of the factors impacting on management development was the acceleration of change. The consequences, according to Wilson, of *the rate of change of the rate of change*, would be seen in the way in which general managers needed continuously to adapt and to integrate the work of an increasing number of specialists and functional groups. This was a time when the top management of the future Ocean Steam Ship Company were beginning to stir to face a future of rapid change. In 1965 Ocean became a public company; there was a merger with Elder Dempster Lines and the formation of Overseas Containers Limited (OCL). These events were to signal a change towards a broader-based company.

What ideas about management development were discussed on the quarter deck are not recorded. Outwith Ocean, there were significant changes afoot; the Franks Report had recommended the creation of two prestigious business schools. New approaches to management development were being brought to the discussion table in industrial and commercial organizations, and in emergent business schools and management centres. B.I.M. had sent a 'mission' to the U.S.A. to report on what business schools and organizations were doing in the field of management development.

This text cannot do adequate justice to the increasing number of contributions from many writers and from liaison with other organizations, as these influenced the author's work in Turner & Newall from 1967 to 1972 and, thereafter, in Ocean. Overall, one recalls the late sixties and early seventies as a period when general optimism prevailed in the majority of board rooms of U.K. companies. The establishment of the London and Manchester Business Schools, and those in Durham University and elsewhere, suggested the dawn of a new era in management education and development. Apart from his being the first senior NCB manager to be sponsored for training at London Business School, the author had been able to develop some valuable links with the staff of the Manchester Business School; they were involved on a consultancy basis and as management teachers for Turner & Newall. Additionally, the latter company had made a sizeable contribution to the establishment of the Graduate Centre, in Birmingham, where the author of this research study co-directed a series of management development programmes. He had not forgotten the earlier lessons provided by working with the Durham Business School team, in the mid-sixties. Such experiential learning was to be activated in Ocean from 1972 onwards and the approach had to be essentially pragmatic.

By the early 1970s the management development specialist was able to muse over a number of reports, surveys and other published works. Among the early national perspectives were two reports from the Central Training Council, prepared by that body's Management Training and Development Committee. The first report:

*An Approach to the Training and Development of
Managers 1967*⁴

included some comment on career development, commending the inclusion of related training in industrial training board grant schemes. Of more interest was the statement that: "it should never be overlooked that the

progress of a manager will depend in large measure on his own efforts and initiative." ⁵ In the headlong rush to qualify for grants, many companies forgot this guidance and engaged in a spurious round of spending on management training. Some of this was provided by reputable bodies. Others, of questionable worth, had joined the band wagon. There was no statutory board covering shipping and what was on offer from the non-statutory board had not significantly influenced management training in the Ocean Steam Ship Company.

A second report was published by the Central Training Council in 1969:

Training and Development of Managers - Further Proposals ⁶

which examined in more detail the common features set out in the first report. Of particular interest for this action research study was the reference to "management" which the Committee of the C.T.C. considered to be a controlling activity. One may quarrel with this loose use of the term 'controlling', but the report did strike a chord for management development in Ocean in the 1970s when it stated:

"the managers of a firm are concerned with the use of the firm's resources to satisfy the aims of the firm. To do this successfully they must:

- identify the objectives and set them in order of importance;
- design and construct the means by which these objectives may be attained; and
- measure from time to time the progress being made."

The report went on to emphasise certain general considerations (which were as applicable to Ocean in the mid-1970s as they were when set out in 1969):

- " - the significance for effective management development of the "climate" within the firm;
- the need for the senior executives to give the lead;
- the fact that all managers have a responsibility for training; and
- the need to give scope for the individual manager's own efforts to develop himself."

Here was a blueprint for the Ocean management development approach.

The ideas were to remain firmly entrenched in the author's mind, as he had been a member of C.A. Roberts' team at the National Coal Board; Roberts was one of the chairmen of the C.T.C. Committee's drafting groups, which also included A.T.M. Wilson, who by this time had moved from Unilever to the London Business School. Wilson had written, earlier on:

Some Sociological Aspects of Systematic Management Development (1966).⁷

He used the adjective 'systematic' to refer to schemes of management development characterized by an integrated set of tasks and procedures, based on a few unifying concepts. He envisaged a systematic process of management development growing towards the status of an 'internal institution' of the firm. This is what the MDA aimed for in Ocean during the 1970s, borrowing from Wilson the idea that management development had to move towards a position of being an integrated set of widely agreed means designed to achieve certain widely agreed ends. Wilson's analysis was to provide a conceptual framework for an approach in Ocean. It provided for:

1. a credible and just career development policy;
2. an appropriate policy and procedure to manage a cooperative response from line managers in career development for the benefit of the individual and Ocean, and

3. consideration, as Wilson says: "of the contribution to the culture of the firm - its customs, its intellectual climate, its 'philosophy of management' made by the development of skill in appraisal of potential, and of consensus on criteria of potential, among its senior managers and executives."

Particular care was taken to ensure that Wilson's third aspect, which is essentially sociological in character, was properly developed in Ocean.

Contemporary with Wilson's article was one by John Lockwood of the Dunlop Company on *Management Development by Objectives* (1967).⁸ Lockwood was to write something which was to be germane to management development in Ocean:

"People develop through the influences of the organizational attitude adopted by an enterprise. And management achieves objectives through people."

Lockwood continued:

"The company environment provides many trends which influence management development, and some operate without the awareness of management. Whether it is centralized or decentralized, organization is probably the most important influence. Senior management sets the pace; how it exercises authority, and delegation; the rewards it offers; its everyday practices, all affect the development of people."

Lockwood was offering, without knowing it, a good script for Ocean in the 1970s.

D. Mosley, writing from Otago University in 1970, offered a 'Tailored approach to management development'⁹; he said:

"In spite of all the attention given to this vital area, most of the money for 'management development' is spent on *faith* that the expenditures will be justified by the results achieved."

This may have been justification enough for those who accept the Pauline epistle to the Hebrews (chapter 11 verse 1) which says (NEB):

"Faith gives substance to our hopes, and makes us certain of realities we do not see."

Such pious belief had no place in the reality of the secular order in Ocean in the 1970s.

Mosley offered some realism for management development in four stages:

1. gaining top management support;
2. research and consulting;
3. programme formulation and implementation; and
4. assessment of results.

Each stage was to play a part in Ocean's management development approach.

At this point note should be made of a further step towards a national strategy for management development. The Central Training Council had obtained agreement from the Secretary of State for Employment to sponsor detailed surveys on the operation of the Industrial Training Boards. A survey unit was set up within the Department of Employment, and the first study covered *Management Training and Development, 1971*.¹⁰ Six years later the Training Services Agency of the Manpower Services Commission, the successor to the Central Training Council, plus having

a wide-ranging executive authority over Training Boards and national training generally, issued a *Discussion Paper on Management Development* in January 1977.¹¹ This was to have a significant effect, not altogether beneficial, on the progress of management development in Ocean; more on this later in the final chapter.

As the decade of the 1970s began to unfold there was a number of reports, studies and information papers, following in quick succession on Alistair Mant's: *The Experienced Manager - A Major Resource* (1969).¹² Mant's managerial profiles appeared not to have occasioned any serious discussion amongst staff in India Buildings. It was probably a case of not wishing to recognize the mirror image of themselves, or that the Mant report was a frivolous irrelevance.

The B.I.M. *Survey of Management Development and Training Schemes of 1969*¹³ had provided some useful data relevant for management development in Ocean. It indicated that of the 278 companies, with varying numbers of employees, some 75% were using appraisal forms and some 38% of returned questionnaires showed that companies were assessing their managers against pre-set targets. Over 65% of the companies were using systematic succession schemes and over 25% were using training needs analysis forms. As for on-the-job training methods, some 60% of the companies used projects. Most of the data was on the plus side as far as the intended Ocean strategy was concerned. It was a surprisingly small number incorporating in their schemes a training needs analysis which, if it were to be carried out effectively, as the survey indicates, required job descriptions, appraisal of performance and assessment of potential.

These prerequisites had been built into the Ocean management development approach.

This is an appropriate point in time to mention Durham University Business School's employment of their Management Development Unit to carry out field-based research into the Evaluation of Management Development Systems. The Unit was funded by the Training Services Agency of the Manpower Services Commission from 1974 onwards. After a great deal of mulling over the reliability and validity of the M.D.U. approach, Ocean's GTC decided, in 1977, that the Management Development Audit developed by Ashton *et al* did not add to what Ocean was already practising, namely a composite analysis of training and development needs through auditing the performance reviews of individuals; carrying out a dialogue with both assessor and the job holder on his/her training and development needs and consulting with line managers on the potential of their staff. Within the Ocean approach there was an opportunity for the MDA to develop a system which provided for a diagnosis of the perspectives of individuals and the company point of view as expressed by line managers. Some further critique of the DUBS Management Development Unit's work and the MDA's approach is at Appendix 31.

In 1970, BIM published the *Proceedings of the Management Education Review Conference* held in January 1970.¹³ One of the contributions was relevant to Ocean: Don Ryder's account of the Reed Group's approach to locating 'the fast track talent' i.e. those with high potential. Ryder had designed and ran a management course, which became part of Reed's advanced management development programme. The MDA did not succeed in emulating Ryder's achievement for Ocean's top managers; those with potential to be such were sent on external programmes, as agreed by the Executive Committee. It could be argued that Ocean never had 10, let alone 12 men to participate in what Ryder called his Cadre, i.e. men who had been assessed to have the potential for top management.

Although succession planning in Ocean was introduced, as outlined in the next chapter, it was not coupled with any workshop as operated in the Reed Group. In the event, Ryder's ideas were considerably modified when Sir Alex Jarratt succeeded Ryder, who departed to attempt to establish British Leyland on a viable footing.

One other early 1970s contribution merits comment; this was the report on *Business School Programmes* - the requirements of British manufacturing industry, to be known as the Owen Report.¹⁴ Trevor Owen, then with I.C.I., was the Project Coordinator, along with David Casey and Norman Huskisson, acting on behalf of the Council of Industry for Management Education. The report was based on surveys with some fifty manufacturing companies, one of which was Turner & Newall. The report was concerned with postgraduate and post-experience Business School Programmes. In general, the report indicated some shortfall in the facilities provided by Business Schools. Of particular relevance to Ocean was the recommendation that courses should be available on a modular basis. The most obvious example of this was Manchester Business School's modules on facets of management. In 1974 there was a strong vein of criticism among top shipping executives, on the relevance of postgraduate courses and the MDA considered it politic not to press too strongly for sponsorship to Business Schools. A limited number of schools was, however, recommended, including Cranfield, Durham, London and Manchester. Ashridge Management College got the vote for post-experience courses. At Appendix 32 are some notes relating to a modular approach developed by the author, when working for Turner & Newall in the early 1970s. These provided useful copy for the 1974 Ocean management development programme.

One cannot leave out the work done by the National Economic Development Office. Its Management Education, Training and Development Committee published two reports on the *Supply of Teachers for Management*

Education in September 1970¹⁵ and July 1972.¹⁶ Both reports highlighted the need to increase the recruitment of teachers of management some fivefold by 1980.

As for the content of *Management Education*, the Rose Report of 1970 on *Growth and Issues in Management Education* provided some useful data. As it did not specifically cover the shipping industry in its survey, one had to consider a close parallel. For Ocean, the chapter on financial institutions contained some relevant comment. Only about 30% had formal management development schemes. Two of these were examined by the MDA, courtesy of two former colleagues at London Business School. Ocean could not expect to emulate either of the two members of the 'Big Four' Banks, but arrangements were made, in 1975, with Lloyds Bank International for career development inter-changes for Ocean and Lloyds selected young managers aged 29-35. Where the banks had extensive residential training establishments, Ocean was obliged to use external provisions, though a scheme was devised to develop a management centre within the existing campus of the Aulis residential cadet training establishment.

Sadly the plans drawn up for this were pigeon-holed after the storm clouds of recession led to 'hauling in sails' from 1977 onwards.

The reader will agree that the time has come to say something about the mid-1970s spectrum of approaches to management development. But a few can be referred to in the text; a more complete list is included at the end of the chapter.

The Management Centre at Bradford had already found a niche in the management education field. Two of its members had been active in the field of management and organization development: David Ashton and Chris Margerison. Both were subsequently to leave Bradford; Ashton for Durham University Business School and Margerison for the Cranfield

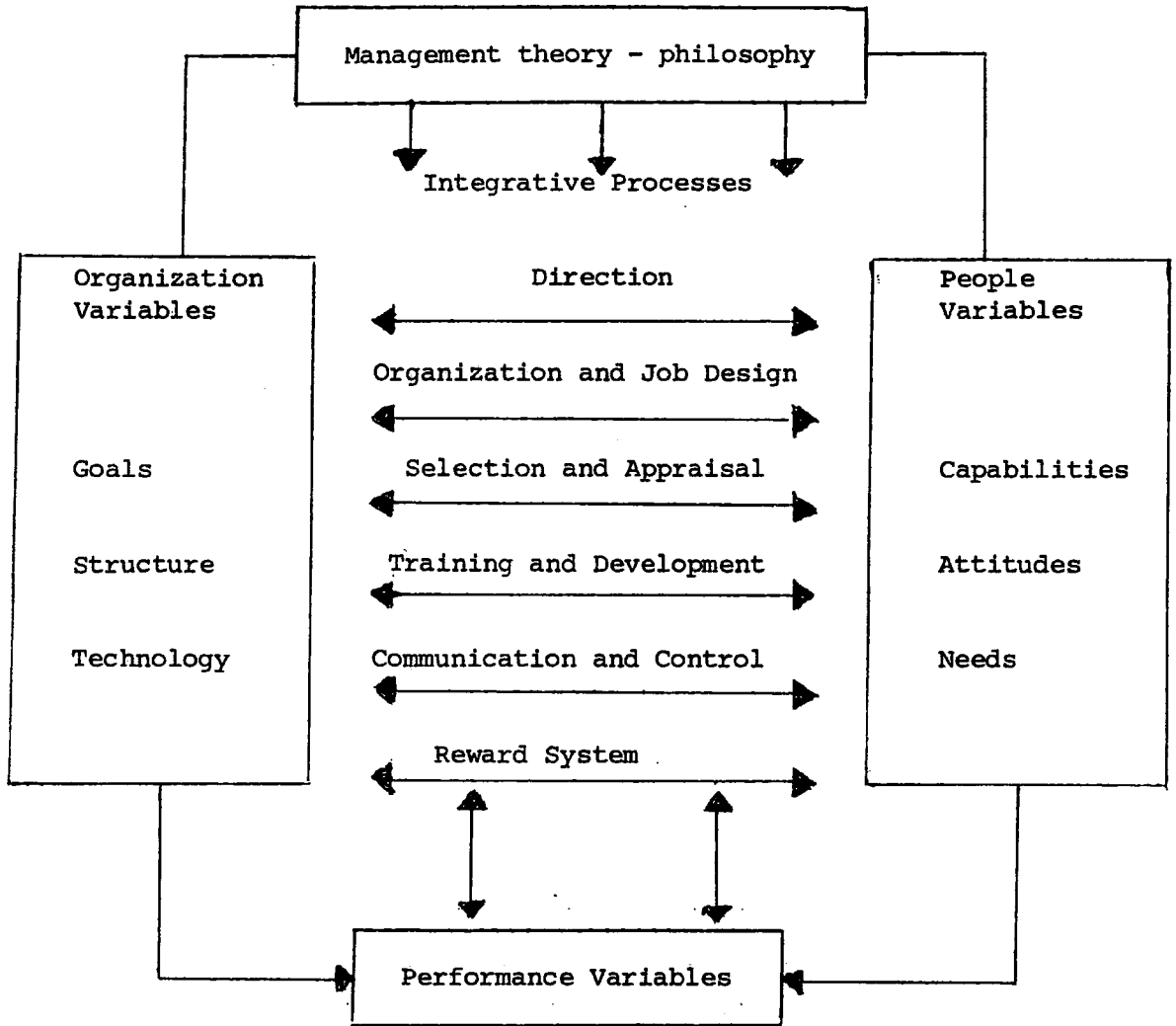
School of Management. Their joint editorship of the book: *Planning for Human Resources*¹⁸ offered some sound guidelines in 1974, at a time when the litany of recipes by U.K. authors on management development was thankfully not oppressively extensive. What Ashton provides is a way of looking at the conceptual foundations of management development, by three approaches: manpower planning; behavioural approach, and structural approach. In the first approach Ashton employs a traditional avenue to manpower planning, as being concerned with the projection of present manpower to future needs, in context with educational, legislative, labour market and socio-economic trends. Here the Ocean approach was similar in its use of a model which could be applied to produce numerical trends, which in Ocean's case included 5-year manpower plans. Ashton develops a behavioural view derived from the work of Rensis Likert: *The Human Organization*.¹⁹ The model developed by Ashton fitted well into the Ocean deliberations on management development and is reproduced in Figure 19 page 192. Taking three main groups of variables - (a) organization, (b) management theory and philosophy and (c) people, Ashton indicates how these are integrated through processes of human resource management:

- organization and job design
- selection and appraisal
- training and development
- communication and control
- reward system

Each of these variables and the amalgam of them interacts with the fourth group of variables: performance variables. Whilst, as Ashton says, his behavioural model does not provide an operational model, as in the case of manpower planning, the sum of the behavioural approach sets the philosophy,

Figure 19

A behavioural view of organization



Source: C. Margerison & D. Ashton: Planning for Human Resources

"the informal assumptions about behaviour (which) taken together, will have a significant effect upon organizational performance." This was the format in which the MDA was attempting to frame the policies in Ocean. It is interesting to note here how much Ashton's model was to find some interesting parallels in the research into the Expectations Approach by John Machin *et al* at Durham University Business School. In 1975 one of Machin's team visited India Buildings and discussed with the MDA and others the possibility of applying the Expectations Approach to Ocean's Staff Appraisal Scheme. There were some interesting parallels between the 'people philosophy' concept in the Expectations Approach and what Ashton adumbrated under the behavioural view. The latter's third conceptual foundation derived from a structural view of the organization. This contains both formal and informal aspects. In the context of Ocean's managerial system it related to the formal characteristics of the Group Management System and Structure and to the responsibility of line managers to weld together the dynamics of the informal organization of their work teams. Ashton contends that when looking at organizations there is a need for a coalescence of the three views; as he writes:

"(There is need) to provide a composite foundation for planning in management development. This is because the three views tend to focus on different aspects of management development, although there is some overlapping." ²⁰

With reference to data for management development, Ashton suggests that:

"given the very different models which supply a foundation for management development, the data to be sought in planning for management development is varied in the extreme."

He adds:

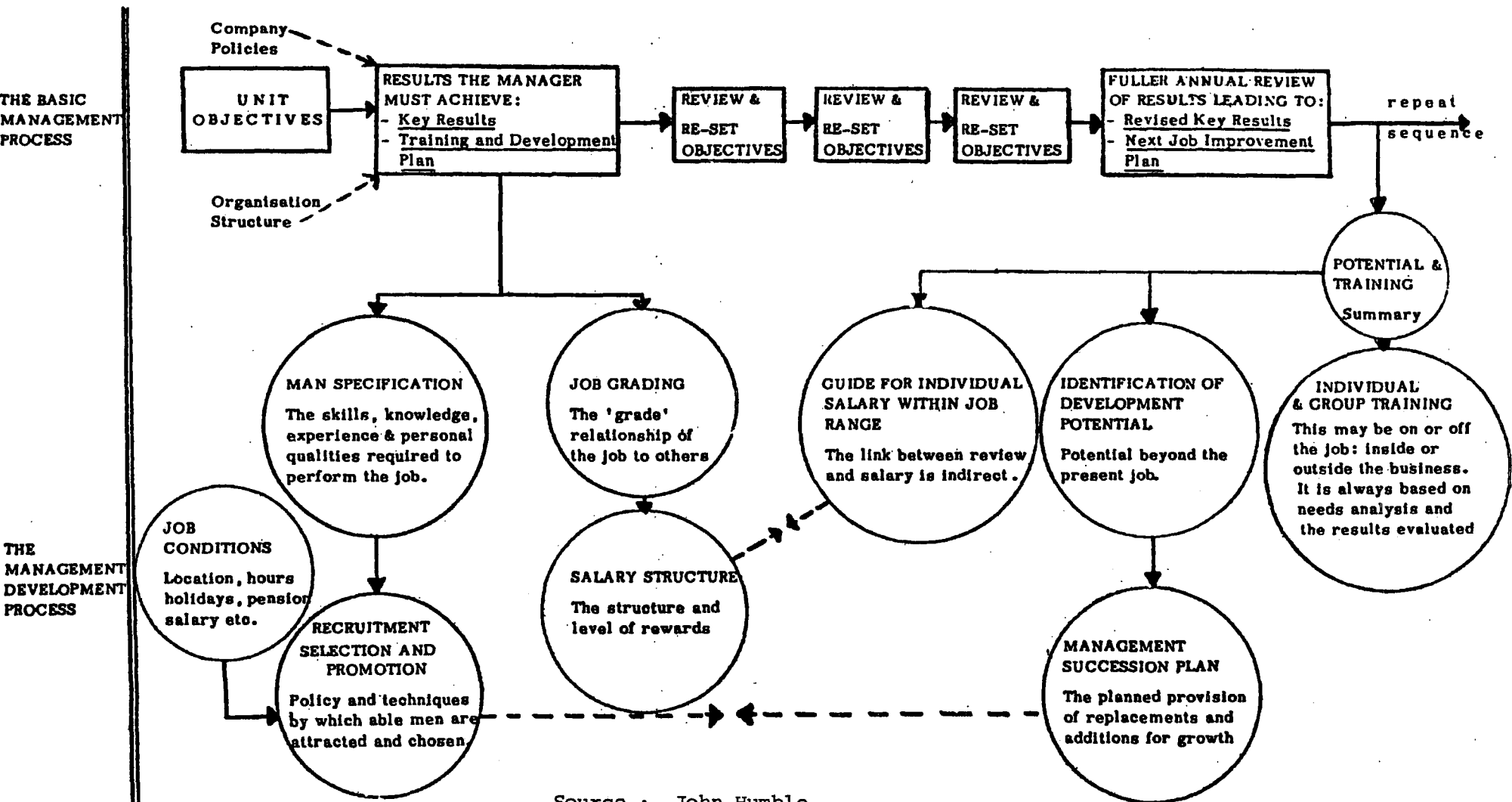
"The most systematic sources for information will normally be manpower and business plans, and the appraisal system." ²¹

This was as true for Ocean in the early 1970s as for most organizations. One will return to some of Ashton's contributions, as they concerned the progress of management development in Ocean, in chapter 11.

Other U.K. writers who influenced the Ocean approach included Edwin J. Singer and John Ramsden. Their book '*Human Resources" Obtaining Results from People at Work* (1972) ²² contained some useful inputs for Ocean. Singer, as a contemporary of John Humble and a fellow senior partner with Urwick Orr & Partners, takes much the same line as Humble, on the link between management by objectives and management development. Singer and Ramsden reproduced Humble's well-known diagram on the conjunction between the two processes and it is included in this text as Figure 20 page 195. They add another diagram to their chapter on Management Development and Training, ²³ which was to provide useful copy for the MDA. It is reproduced as Figure 21 on page 196. The authors also say something about the role of managers in coaching on-the-job and this aspect will be discussed later in the chapter.

Ten years on from its foundation in 1961 the Association of Teachers of Management had established a new publication: Management Education and Development (MEAD). It has continued with the same title for over ten years. Its first volume, part 1, contained reports of the ATM's conference at Ashridge Management College in April 1970. Among the reports was one by A.T.M. Wilson on *Management Education and Organizational Change* ²⁴. Wilson refers to the 'Integrative Executive' and opined:

IMPROVING MANAGEMENT PERFORMANCE

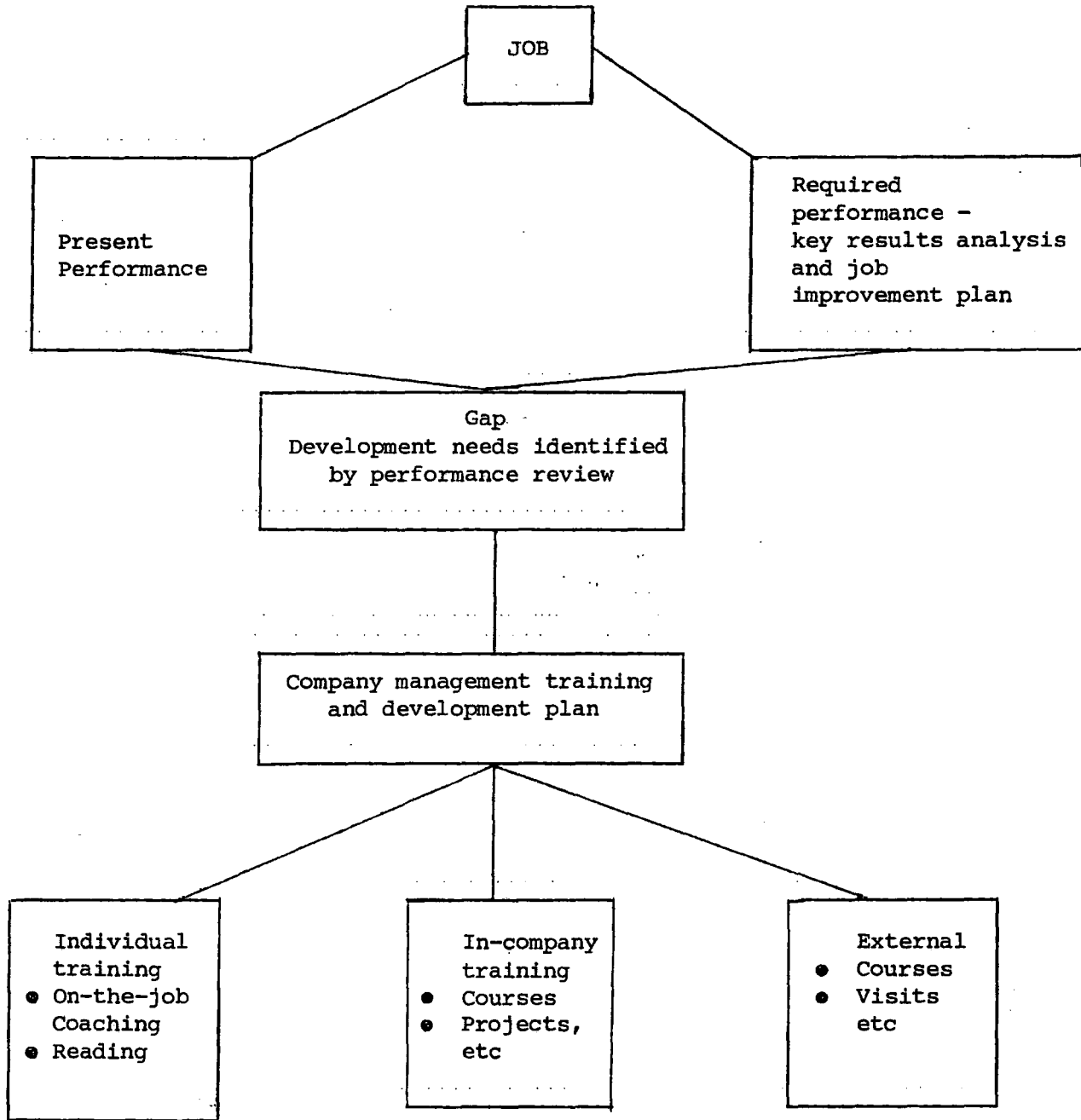


Source : John Humble

Figure 20

Figure 21

The Process of Management Development



Source: Edwin J. Singer and John Ramsden: Human Resources: Obtaining Results from people at work

"The organizational executive must, above all, integrate the component activities for which he is responsible and, beyond this, coordinate them with other activities of his organization. For these purposes he needs some kind of intellectual framework to help him scan his external and internal environment, recognise the opportunities and threats, and provide a basis for integrated plans of action."

For Ocean, the managerial input from senior managers included the direct involvement in strategic planning and control, management development and participation in seminars and workshops and in the annual congregation of senior managers, led by Alexander, to discuss the Group results and forward strategy.

Over the decade of the 1970s the MDA was to meet many senior managers who contributed to their own intellectual framework by selected reading, coordination of activities and a positive involvement in counselling and coaching techniques. There were some senior managers who were intellectually somnolescent. There could be no mistaking what Alexander implied in an interview with Michael Otterson of the 'Business Post' in February 1976 in his comment on "Why Ocean has no room for 'passengers' " - a copy of the article is at Appendix 33.

In 1975 Bernard Taylor (U.K.) and Gordon L. Lippitt (U.S.) had their first edition of *Management Development and Training Handbook*²⁵ published. There was a range of contributions on Management Development, three of which were the subject of discussion, among some members of the GTC, convened as a working party, on management and career development in Ocean, for the second half of the 1970s. They were:

1. D.S. Markwell: The Role of the Central Management Development Service
2. Esther C. Lawton: Identifying Executive Potential
3. John Morris: Developing Resourceful Managers

The MDA participated with John Morris and others during the 1970s in a N.W. Consortium on Action Learning, in conjunction with the Training Services Agency of M.S.C. Whilst Ocean did not adopt a 'pure' Revans Action Learning approach, a modified project-based development approach was introduced for the career development programme. It was the product of some conjoint action with PA Management Consultants, during the period 1974-76, when Ocean management development programmes were organized at the Sundridge Park Management Centre. It was known as the ACT programme: Action Centred Training through Performance Improvement Projects. The programme was similar to action learning in that it was based on off-the-job training in conjunction with on-the-job, project-oriented, real problems. A reproduction of the ACT programme outline is at Appendix 34. Some of the projects were developed in Liners Division, the Oil and Coal businesses in Cory Division and in Ocean's Odyssey Works and the small shipbuilding activity of James W. Cook at Wivenhoe. Here some of the individuals concerned applied a socio-technical systems approach to their project work. The MDA provided some input for this, and a reproduction of his note on socio-technical systems is at Appendix 35. Assistance with the briefing on action research, carried out in U.K. oil refineries, was provided by Paul Hill. Project-based learning was to become a feature of Ocean supervisory management courses developed at the Burton Manor Management College from 1974 onwards.

An article in the Harvard Business Review by Charles P. Bowen, Chairman of Booz, Allen & Hamilton, on *Let's put realism into management development* (1973) ²⁶ had occasioned more than a ripple of interest for the MDA. Bowen maintained that most of the ideas and methods used in management development have an aura of fantasy about them. Most, if not all, try to create or remodel managers according to some ideal pattern, rather than let managers prove themselves under real conditions.

He contends that what is needed is not more classroom training but an atmosphere in which the managers of the future can make decisions and so gain confidence to make bigger decisions. Bowen threshes through the whole gamut of the contemporary measurement and development techniques: the psychological trait approach, psychological testing, management games, theory X versus theory Y, the management grid, management by objectives, and sensitivity training. The core of Bowen's criticism is that these concepts and techniques derive from a single mould approach for all management personnel. Bowen sees this as an attempt to force-feed. He puts his verbal steamroller through the weighty verbal exposition of the obvious. One example must suffice:

"Results of the study suggest that participants might be most likely to see the material as applicable and helpful when they see the training as being related to problems they themselves are concerned about, when they perceive that higher levels are interested and support the training program, and where they perceive that they have the necessary job freedom and authority to make changes required by what is learned in the program." (71 words)

Bowen aptly précis this in his 'Translation':

"Employees are more likely to find a program useful if the material is relevant, if the top brass shows interest, and when they know they can apply what they learn to their own jobs." (34 words)

For Bowen the basic premise of management development is the canalising of real management skills of real people in a real environment.

One has written about providing management development through project-based experiential learning. A contributor to this developmental work in Ocean in 1975-76 was Hawdon Hague, who wrote: *Developing Resourceful Managers* (1973)²⁷ and *Executive Self-Development* (1974).²⁸ Hague carried out a one-year commission with an Ocean subsidiary, which increased its profitability four-fold, then expanded, and when its main market was no longer in scope with Ocean's businesses, in the 1980s, was sold as a going concern! But the experiment with Hague had been worthwhile and may have continued but for his untimely death.

The subsidiary company was engaged in relatively low technology work. Hague aimed to activate a response from each unit business manager, in initiating team development projects through work restructuring, in the construction and repair of containers for sea-going transportation. The basic skills were sheet-metal work, joinery and some engineering. The requirements of customers entailed various refinements, carried out in what was, principally, a batch production system. There was a good market share to be won where quality and price were right.

On-the-job coaching techniques were used to carry out work restructuring and task teams were able to plan and monitor their own work schedules, with senior management exercising their role in overall business planning, leading and controlling the unit enterprise.

One other book which came into the reckoning in 1974 was *Developing Resourceful Managers* by John Morris and John Burgoyne (1973).²⁹ The authors employed some metaphors which struck home with two Ocean Board members: the agricultural metaphor, for the head of Ocean Fleets was the 'Ship's Husband'; the husbandry of the fleets' human resource being one of his major responsibilities; the other was the zoological metaphor, home-ground for the zoology-trained board member, then grappling with

liquid natural gas carriers and extra-murally involved in trying to give birth to a management education unit in the University of Cambridge. Neither venture could be chalked up as a success story of evolution!

Morris and Burgoyne grouped their metaphors with two kinds of managers: managers as stable resources and managers as resourceful people. It is with the latter that the Ocean Management Training and Career Developmental Schemes were concerned. Morris had drawn attention to his concept of Joint Development Activities in a presentation at the Annual Conference of Teachers of Management in Manchester, Easter 1972. A summary of his JDAs is at Appendix 36. Earlier he had written on Management Development and Manager Development in a Research Report for Manchester Business School's Centre for Business Research. It was given a wider reading audience by being published in the newly-launched journal: Personnel Review. Morris makes a valid distinction between management development and development management. The former is described as the systematic improvement of managerial effectiveness, within the organization, assessed by its contribution to organizational effectiveness - echoes here of previous ideas of A.T.M. Wilson and John Lockwood. Development management is described by Morris as the coherent set of activities concerned with the future effectiveness of the organization, rather than day-to-day running of the existing operations. It is in this context that the MDA sought to apply development management within the approach to organization development. It had been a feature of Ocean's new managerial initiatives to establish a commercial development group to research the scope for company growth, Alexander, when Deputy Chairman, having directed the most successful team, which led to the acquisition of Wm Cory & Son in 1972. A similar development activity in the mid-seventies backfired

when the attempt to acquire the London group of Hays-Wharf did not succeed. But the developmental initiatives continued, some culminating in the divestment, albeit at an opportune time, of some long-established Ocean activities; the most significant of these being Straits Steamship Company.

Morris does not introduce the term 'matrix group' into his conceptual framework, but the development groups in Ocean were just that - a matrix or project group researching organizational growth.

Now one turns to Ocean's career development scheme for Young People.

The Management Training Scheme in Ocean owed a lot to the author's work in Turner & Newall, where the approach had been interlocked with manager career development. Two features of the Ocean scheme were:

1. the selection of graduates from a wide band of Universities, not Oxbridge alone, and
2. the selection of internal candidates, judged to have potential for promotion to managerial posts at grade 15 and above, these being the senior management posts.

Extending the recruitment to both a wider canvas of men and women of university graduates and internal candidates, pointed the need for a formal selection process. Policy Paper 16/1 of June 1974 (*vide* Appendix 27) sets out the selection procedure; the training programme, and the assessment and control of trainees. Comment in this text will relate to the structure of the application forms; the selection process; the nature and scope of career development (*vide* paragraph 3 of policy paper), and the monitoring instruments (*vide* paragraph 4 of policy paper).

The application forms for internal entrants and graduate entrants are at Appendix 27, Annexes 1 and 2. Both forms were designed to provide

data not only on academic achievement, but also some indicators of the scope of the subject studied and the reasons for the choice, together with data on outside interests/extra-curricular activities. Such data was considered in relation to some of the factors relevant to managerial jobs, such as analytical ability, lead roles with peer groups and other groups; understanding of the environment and entrepreneurial potential. Whilst there was no expressed preference for internal candidates with higher educational qualifications, in practice, the minimal achievement of entrants to the Management Training Scheme was a university degree, diploma or professional qualification. Male entrants into the service of the Ocean Steam Ship Company, prior to the 1970s, were academically qualified with, at least, an Advanced General Certificate of Education or its equivalent. In practice, internal candidates for the Management Training Scheme were expected to have proceeded beyond sixth form studies.

As indicated in the Policy Paper on the Management Training Scheme, the final selection was made by a panel of four interviewers, each of whom conducted a one-to-one interview with each candidate over a period not normally exceeding forty-five minutes. During this period an assessment was made on the potential for a managerial career in Ocean, in posts which would call for a high level of competence both in analysis of business situations and in the quality of judgement in managing resources and attributes indicating latent or, for internal candidates, emergent commercial ability. The power of analysis by external graduate entrants was evidenced in the way they had analysed their university career and by their approach to their respective university disciplines. The quality of judgement was assessed by evidence provided by the candidates, relating to their experiences in work organizations or at university, or in other social/economic groups. As for aptitude for a commercial career, this was adjudged more on impression than any rigorous testing of entre-

preneurial potential. Panel members convened to arrive at a consensus in the choice of candidates, who spent two days together in groups of seven or eight, accompanied by Ocean management trainees. During their stay in Liverpool, candidates had informal discussions with senior and middle managers, and were hosted at lunch aboard an Ocean ship, by members of top management in Ocean Fleets Division. From 1979, with a diminishing number of Ocean ships, this part of the process was discontinued.

There was no binding rubric for interviewing, but an Interviewing Guide was provided for members of selection boards (*vide* Appendix 27 Annexe 3). In quantifying the overall assessment, interviewers were required to use a ten point scale, in assessing each of five factors:

- a) Character, Personality, Bearing and Manner
- b) Intellectual Ability
- c) Attitudes, Ability to Analyse Problems
and Take Decisions
- d) Interests and Achievements
- e) Background and Suitability for Ocean

The reader may question the use of the fifth factor; the interviewing guide at page 13 indicates the format for assessing this factor. It was not intended to segregate those who had been at major public schools from the also-rans. It was intended as a socio-psychological assessment of suitability for a career in Ocean, in general predictive terms.

This research study covers four two-year cycles of trainees, too small a number on which to make an evaluation of the validity and reliability of the selection process. The progress of trainees who joined Ocean over the three years 1973 to 1975 suggested the Management Training Scheme had been soundly structured and that the developmental approach was effective.

As the MDA was accountable for managing the scheme, particular attention was given to the career development process. Each trainee was given on-the-

job experience of managerial work in two operating divisions; on average, three were assigned to overseas operations in their second year. In the past Ocean's 'student princes' had all spent eighteen months to two years on assignments to the Far East. The new scheme provided for each trainee to acquire competence in analytical skills and in the use of management techniques in financial management and budgeting, together with basic training in marketing and managing people. Not more than fifteen days, in each year, was spent on off-the-job training. At the end of the two-year period, selected trainees were sponsored for a one- or two-year business school education. The essential feature of the Management Training Scheme was the development of managerial potential in real business situations, with progressive enlargement of job responsibility. The development and training was less structured than the scheme the author had managed in Turner & Newall, where trainees were grouped together in a modular training programme, covering the activities of production, finance, marketing and people management, with but a minimal input of off-the-job or on-the-job training in strategic planning. The Ocean scheme provided trainees with development and training in both operational and strategic business activities. But it was not a haphazard approach. Each trainee was counselled and supervised by a senior manager, who agreed the planned job experience with the MDA, acting for the Group Training Committee, with Divisional General Managers acting in *loco-parentis*. All supervisors were briefed by the MDA on the nature and scope of the scheme. Each supervisor was required to submit quarterly reports on his/her trainee's progress. Copies of both reports were submitted to Divisional General Managers and the MDA. Trainees were interviewed by Divisional General Managers (all main Board Executive Directors) and the Group Personnel Director at six-monthly intervals and more frequently, if required. Annual reports were prepared on each

trainee by the MDA for the GTC and subsequent submission to the Executive Committee. Each trainee had a formal meeting with the Group Chairman at an early stage during his/her traineeship (normally during the induction programme) and prior to appointment to a substantive post. Some of the aura of the 'student prince' still pervaded the corridors of India Buildings.

As a by-product of the preparation of quarterly reports, trainees were given individual coaching by the MDA on effective report writing, and trainees attended seminars on problem analysis and effective speaking. Training in communication skills was centred on the inductive method and project-oriented experiential learning.

Copies of the quarterly and six-monthly reports: MTS 1 to 4 are at Appendix 27 Annexe 4.

Having spent some twelve years managing technical and administrative training schemes in the National Coal Board, and five years managing the management training scheme in Turner & Newall, the MDA was able to bring both a corpus of knowledge and experience to the design and development of the Ocean scheme. Liaison with counterparts in many and different forms of industrial and commercial organizations had influenced the MDA's approach. Membership of professional bodies had played a part in shaping the Ocean scheme, but most useful was the interaction with other specialist practitioners, and through membership of liaison groups at business schools in London and Liverpool. The Ocean scheme was an amalgam of many proven constructs.

There were many expert interpretative studies on management development, not a legion of writings, however, on the development and training of graduate entrants. Here one is relating to the scenarios of the mid-1970s. Among the most useful was a study by T.P.G. Rogers and P. Williams on *The Recruitment and Training of Graduates*³⁰ (1971),

one by R.W. Revans on *The Management Apprentice*³¹ (1968) and another with the same title by R.W. Evans³² (1967). Some interesting papers were presented, bearing on graduate training schemes at the BIM's Management Education Review Conference, including a paper by T.J. Roberts³³ (1970), with whom the author of this study had arranged some joint training sessions when he and Roberts worked in nationalised industries. One of the more persuasive conceptual and applicative studies was the work by R.W. Revans on *Developing Effective Managers*³⁴ (1971), which set forth an action-oriented approach to management development. The analogue of clinical training in medicine was reflected in the diagnosis of real managerial problems. Revans acknowledged that no management action was devoid of certain cognitive ideas germane to the field of action, but he sought to minimise the dialectic about or simulations of reality (the case study method was a central part of the contemporary approach in Harvard Business School and, as such, was emulated by its disciples in the early years of Durham Business School and other U.K. management education centres). For Revans, the launch of his action learning method through John Tysack and associates, in the late 1960s, had been unsuccessful; he did succeed later, in developing his method through the Belgian *Fondation Industrielle Université*. His return to the U.K. in the 1970s heralded an expanding interest in action learning, and by the end of the decade, the Revans approach was implemented in and interpolated by a wide-ranging number of organizations, in the public and private sectors, including Weinstock's GEC. Ocean's action-centred training, as outlined in Appendix 34, was a variant of action learning; it was used for the management training scheme, particularly during the second year of the development programme. The ACT approach derived in part from the author's work in management development and training in the NCB, where Revans had left a deep imprint on education for managers and supervisory staffs, and in Turner & Newall

in the period 1967-72. It would be perverse not to admit some change in the direction of career development in the twenty years from 1956 to the mid-1970s. During this period major socio-economic changes had taken place, impacting on the scope for career development and on the nature of the developmental process. Whereas the late 1950s and 1960s had provided seemingly unlimited scope for career advancement, by the mid-1970s career opportunities, in terms of promotion, were contracting, both as a consequence of the economic recession and through the impact of technological change; information technology was resulting in a new work environment, as one entered the decade of the 1980s. The management of career development in the mid-1970s onwards had also to adjust to the increasing emergence of women as managers of enterprises; a change not merely a consequence of the Sex Discrimination Act of 1975. The genesis of women in management is to be found in the educational and social emancipation of women, from the 1940s onwards, leading to an increasing number of women whose career commitment has overplayed maternal 'at-home' aspirations. It has been a case of career development having to adjust, *inter alia* to dual career couples, with all the attendant problems of adjustment and career stress. Such changes called for policies and procedures for career development, which would satisfy both organizational needs and which would facilitate challenging experiences, commensurate with changing perspectives on the quality of working life and what constitutes enriching jobs, for men and women, equally.

Ocean did not escape the wind of change. In some ways it was more pro-active than other shipping companies; it was the first to appoint women to a management training scheme, and led the way in opening sea-going careers to women in the mid-1970s. A woman has yet to be elevated to the main board!

The policy paper on career development for general management posts was approved by the Executive Committee in June 1974. A copy of the paper is at Appendix 28. The new Ocean scheme was aimed to provide a planned approach to career development and training of individuals (men and women) who had demonstrated potential for appointment to senior managerial posts. In the mid-1970s career development connoted, in the main, with promotability; it was the end of the decade before it was associated more with developmental programmes for managers remaining at the same managerial level, but involved in lateral job rotation. The involvement in project-based team building had been a feature of structured management development from 1975 onwards. Here one needs to differentiate between the involvement of quality circles in optimising managerial team effectiveness, as this process of informal group dynamic evolved from 1980 onwards, and the assignment of individuals to formally structured project teams, as a means of job enlargement and the energising of innovation. There were concurrent initiatives by line managers who encouraged their subordinates to generate their own dimensions of managerial effectiveness, through informal team-building. The application of team-building on a formal basis featured in a number of management development initiatives in the last three years covered by this study. Interestingly, shipboard management of the 1970s was moving away from the dominant role of the ship's master towards team management. This research study is not concerned with the management development of ships' officers, but it will be noted, later in this study, that ships' masters and chief engineers joined with their shore-based colleagues in Ocean's management development programme from 1974 onwards.

A research study carried out under the auspices of the General Council of British Shipping, in the early 1970s, by Jennefer M. Tobin,³⁹ provided some interesting data on the management content of merchant navy

officers' jobs. Tobin was, sadly, not able to persuade Ocean's Ships Husband to allow her to carry out observation on an Ocean foreign-going ship. She did succeed, however, in travelling in seven British ships of different companies, completing a total of eight months at sea. Tobin's terms of reference agreed by the Merchant Navy Training Board, under the aegis of the General Council of British Shipping,

"To develop understanding of the nature of the present and possible future management roles of ships' staffs in present-day British ships and the way commercial, technological, legislative, social and organizational changes may affect the management roles in British ships in the future. "

"To give ship-owners the facility to establish the management content of the jobs of ships' staffs so that companies, with the involvement of ships' staffs, may identify their own training needs and establish development programmes."

Whilst the first objective was fully supported by the General Council's Management Development Committee, the second objective was regarded as presumptuous and it ignored the work which had been done in a number of major shipping companies. It was a case of Tobin's academic institution: Plymouth Polytechnic, not having briefed her more effectively on the contemporary scenario of shipping companies. Notwithstanding this, the MDA was able to engage the help of a group of Ocean ships' masters and chief engineers to distill the findings of the report, for the benefit of Ocean staff, attending management development programmes at Sundridge Park.

It should be added that the above research was carried out at a time when the Department of Trade had drafted a new statutory Code of Discipline

at Sea, which materially limited the ship master's prerogatives, a mini-revolution in itself, as it called for more team management.

In Ocean, at the time, there were other examples of team management, in air freight management, land-based distribution and warehousing. One does not have to go overboard in eulogising on the dynamics of team-building, for the genesis lay far back in primitive cultures of man. The nature of teams in industrialized and post-industrial societies does, of course, differ from those in the early historical forms. It is not so much a question of historical antecedents, more one of a challenge to management not to surrender the human factor to the faceless mechanism of information technology: human teams must not become fossilized.

One must return to the main themes of the research study, which effectively ended before the accelerated impact of information technology at the end of the 1970s. It would not be true to say that Ocean had not responded to the advances in micro-electronics. From the early 1970s onwards there were many examples of high technology in both seagoing and land-based operations, especially in the conversion of telecommunication networks from analogue to digital signals, made possible by the use of the micro/silicon chip. In the computer field Ocean had advanced considerably from the early 1970s and, as will be noted, later in the study, management courses at the end of the 1970s included training in computer applications.

Reverting to the policy decision of 1974 on career development in Ocean, the MDA's objective was to interlock management development and career development and to generate a dynamic response from line management to the inter-related activities.

The two-year period 1974 to 1976 involved the MDA in field work in stimulating responses to management development in Ocean's U.K. and overseas businesses. The work was to culminate in a revision of the 1974 Group

Appraisal Scheme. This revision is discussed on pages 220 to 221.

At this point it can be noted that the revision was aimed at sharpening the response of general managers at divisional and unit business level, both as to manpower development for the Group as a whole and for individual career development. It was Group policy to have a uniform appraisal system for which the central management development function had budgeted for the costs incurred in developing the scheme until the end of 1976. Thereafter individual businesses could decide how much use they made, at their cost, of the central service, but they were required to show just cause why they sought to engage external services. It was also Group policy that the GTC reviewed annually the effectiveness of career development schemes in each division. There was no licence, for example, to allocate working capital on costly psychological testing by consultants, whose home base was Columbia University, as was arranged by one unit business. One could understand the choice by the senior executives concerned, as they had experience of the consultants when they had been employed in the U.S. Emery Freight Corporation. Apart from the issue of cost/benefit, the examples cited raised an issue of principle. Alexander had made an unequivocal statement in his memorandum of March 1976 to the Bullock Committee, that the Group Appraisal Scheme was the only process in the Ocean communication system which was imposed on divisions. In the case quoted the managing director and the director of marketing had ignored Group policy; they did not remain with Ocean. There were two other unit businesses, whose personnel directors had joined forces to plan the use of external assessment centres. The respective unit general managers were members of the GTC, whose 1976 deliberations on assessment centres had concluded with a decision not to commission any external services until, at least two years hence. The cases quoted indicate there was a continuing 'contest' with some businesses to ensure

compliance with those parts of Ocean's management development policy which were mandatory. The reader will consider the comment on assessment centres incomplete without some further elaboration of the subject; this is provided in Appendix 37, which is a copy of the MDA's discussion paper presented to the GTC, following deliberations on it, at a meeting of the Personnel Managers' Committee, in March 1976.

At this juncture it is apposite to make brief comment on the role of a central management development service; the latter was the title of a useful examination of the role by Don Markwell in 1975.⁴⁰ He analyses management development as a generic process concerned with both policy-making and functional action. In the Ocean context the MDA had responsibility from 1975 onwards both within the Group Personnel Division and with the Strategic Planning Unit, the former embracing the activities set out on page 179 under the headings Management Development and Manpower Planning, the latter with organization change and development referred to on page 180. It was not as clearly delineated, functionally, within Ocean's central management structure as obtained in Unilever's management development section. Markwell emphasises the need for the central management development service to be integrated into the corporate strategy of a business. Insofar as he meant to stress the need for management development to be enjoined with corporate strategy, the Ocean approach was the same. But, management development and career development in Ocean were fields of responsibility, firstly of line management and, secondly, of the MDA, notwithstanding the role played by the latter in formulating policy and activating the career development process across the Group. Markwell does explain that in Unilever the operational role of the central management development service was supportive to the operational parts of the business, as well as executing its responsibility

of determining group management development policy. Markwell says that

"once established the central management development service will find the major task in the area of constructive advice. It will be much less concerned with policing the system, than with helping operational management achieve their corporative objectives, particularly in relation to improving the effectiveness of individuals and groups."

In Unilever the central department was well-established and the separation of the monitoring (policing) role from the advisory role could be clearly emphasised. Three years on from the launch of Ocean's Group Appraisal Scheme, close monitoring was still being carried out from the centre for all areas of manpower and individual career development. In the next section of this chapter the revision of the scheme is discussed, and it will be emphasised that the logic of Ocean's devolution of responsibility to general managers necessitated a transfer of the performance planning process away from the centre to operational units, but leaving the appraisal system under the super-ordinate control of central management, especially as it concerned the overall effectiveness of career development. The latter needed to be finely dovetailed with career planning and the MDA argued this would be splintered if the whim of the Group Personnel Director to have a separate career planning unit for senior management was satisfied by agreement of the Executive Committee. It was so agreed and the change did introduce a dysfunctional element into the process of career development. However, as the person transferred to administer the new unit had previously been in charge of the administration of the Executive Committee Staff, and had worked closely with the MDA, the change did not militate against the *de facto* relationship between planning and development. As has previously been noted on page 188, the MDA continued to perform a role in the career development of Ocean's potential

top managers. The MDA could discount his superior's aim to trim the sails of the management development function. Of more critical importance was the need to sustain the dialogue with line managers. Here Markwell makes a significant comment. He says, in referring to the link between central management and operation units:

"it implies an on-going interaction between a central management development service and the operational parts of a business; this has many implications, not least of which will be the continuing dialogue between the management development service and those for whom the service is provided."

What Markwell had adumbrated was found to be a core feature in other shipping companies, in which the MDA carried out some surveys in 1978 and 1979; more about this in chapter 12.

The scenario of career development in Ocean two years on from the issue of the Group Policy Paper on Career Development for General Management did not match the efforts made by the project group, led by Lenox-Conyngham, to harness the latent talent of Ocean's human resources. A defence could be mounted that in the two years 1974 to 1976 Ocean businesses were concentrating their efforts to improve profitability; a new Group management information system had to be effectively incorporated into unit businesses; divisional general managers were concerned with key strategic issues of growth and development, as well as the impact of new employee legislation, and the major commitment of Group Personnel Division in 1976 was the effective introduction of the HAY/MSL salary administration system. Notwithstanding the plurality of issues of concern to senior management, the MDA was particularly

concerned with the underlying sandbank of inaction on career development in one division; the replacement of the divisional general manager by the person who had been recruited from the British Steel Corporation, to head the Cory Division, and later Titan Division, was not to result in any accrual of benefit for the management development function. When members of main boards are jockeying for possession of the top position, it is not unusual to find the process is coupled with muted response to subordinate individuals' career needs. The ex-BSC man was to become the new Chairman in 1980. During 1975 and 1976 the MDA aimed to impel forward strategic management development in Ocean. The annual preliminaries to the submission of strategic plans for the on-going five-year period were a series of discussions both within each division and between them. In the case of the Group Personnel Division this annual event included deliberation on a series of presentations from those in central management departments and those from operating divisions. In June 1975 the MDA tabled a discussion paper on Strategic Management Development. It set out an overview of recent manpower development policy; present needs and future strategy, and organization and managerial effectiveness. It was submitted at a time when the MDA considered a surge forward was needed in each of the three main areas. Apart from agreement on some modifications to the 1974/75 management development programme, the main thrust of the paper was not incorporated into the 1976-80 Strategic Plan. But it was the precursor for the Strategic Plan for 1977-81. As the 1975 paper can be regarded as a key input by the MDA, covering the second half of this action research study, it is reproduced at Appendix 38. Further discussion on the strategic plans for 1977-81 and 1978-82 is included in chapter 11.

Of the most useful writings on career management available in 1975 was a 'work book' by Marion S. Kellogg on *Career Management*⁴¹ (1972)

and an incisive analysis of the complex relationship between the individual and the organization by Edgar H. Schein in an article on *The Individual, the Organization, and the Career - a Conceptual Scheme*.⁴² (1971). The article was a prelude to the fuller treatment by Schein in his book *Career Dynamics - Matching Individual and Organizational Needs*⁴³ (1978). In the article of 1971 Schein's basic proposition was that an organization should be conceived of as a three-dimensional construct like a cone or cylinder in which the external vertical surface is essentially round and within which a cone or inner centre can be identified. What is traditionally drawn as a pyramidal organization, Schein suggested should be drawn as a cone in which the various boxes of the traditional organization chart would represent adjacent sectors of the cone, but where movement would be possible within each sector, toward or away from the centre axis of the cone. The conical construct was useful in thinking about career development in terms of three conceptually distinguishable dimensions:

- a) Vertically - corresponding to the notion of increasing or decreasing one's rank or level in the organization (this could be identified in Ocean's career planning)
- b) Radially - corresponding roughly to the notion of increasing or decreasing one's centrality in the organization - (this is where Ocean's aspiring managers aimed to be ; the strategic planners in Ocean 1973-79 jealously guarded their centrality)
- c) Circumferentially - corresponding roughly to the notion of changing one's function or one's division in the organization.

(this dimension was to feature in career development in Ocean in the late 1970s, when career transition became part of the development process).

To conclude the section on career development the reader will be interested to peruse two submissions by the MDA to the GTC in June 1976 and January 1977. The papers in question sought to highlight the role of management development in Ocean, at a time when the new chairman of the GTC: Geoffrey Ellerton had taken over the role from Harry Chrimes. The first paper is reproduced at Appendix 39. It reviewed the management development function and presented some proposals for an action programme for 1977/79. It replicated the interlocking role of the management development function, which had evolved organically during the first four years covered by this study. The time had come to ensure that key issues would not be fudged by the new mandarin and to set down the major aspects or sub-functions falling within the overall scope of management development. They included:

- a) organization development;
- b) management team development and training;
- c) manager development related to current job role, and
- d) individual career development.

All were interlocked with strategic and operational manpower planning and career planning. Whilst this study has differentiated the constructs of management development and organization development, as illustrated in Figure 17 on page 178, in practice the two processes were carried out interactively within the MDA's portfolio. No move was made to establish a separate function to concentrate on organization development, as was the case, for a time, with the Rover Car Company, before Michael Edwardes

axed the activity. It would be to Shell Transport & Trading, ICI or Unilever that one could turn for some ideas on the role of the Organization Development Adviser. Having the two processes linked through the MDA, it was possible to operate with a degree of holism, which might have been absent, where functional roles had been differentiated and fragmented. It made possible a significant breakthrough in defining the role of the Group Personnel Division in the Strategic Plan for 1977-81, drafted in June/July 1976 and prepared for submission to the Executive Committee in October 1976. Whilst the MDA's paper of 1975 on Strategic Management Development had not been incorporated in the Strategic Plan 1976-80, the consequence of Alexander's memorandum to the Bullock Committee (*vide*: Appendix 18) more or less ensured that a re-write of the MDA's explication for the Strategic Plan 1977-81 could be agreed; so it proved. The reader may wish to peruse, at this stage, the sections included in the reproduction at Appendix 61. The submission of the plan to the Executive Committee in November 1976 and the latter's agreement to it, prompted a 'no holds barred' analysis of key issues in Career Development in Ocean for examination by the GTC in January 1977 (a copy of the paper is at Appendix 40). The MDA had obtained sanction to carry out the review by the GTC in October 1976. As it included the revision of the Group Appraisal System, further comment on the latter will follow on later.

The submissions of the MDA on Management Development in Ocean (Appendix 39), the formulations for the Strategic Plan 1977-81 (Appendix 61) and the analysis of Career Development in Ocean (Appendix 40) constituted the *modus operandi* within which the MDA hoped to function in the final years of his involvement with Ocean. The overall strategy contained in the foregoing submission was translated into action programmes, from 1977 onwards. Concurrent with these strategic and operational formulations, the revision of the Group Appraisal Scheme was completed in 1976 and the

new format made operational from January 1977. 1976 was also the year in which the businesses of Ocean Mercantile Investments Limited were merged with Wm Cory & Son Ltd and the administrative headquarters of the new division departed from their Victorian opulence in Fenchurch Street for more spartan surroundings in Norbury. Two unit businesses covering the Cory distribution activities and the international air freight unit were rehoused in new headquarters at Bracknell. In Liverpool a new Ship Procurement Division was formed. In May 1976 a revised edition of Ocean's Management System and Structure was published, incorporating in Part III Group policy papers, with Part I: the management system, and PART II: Responsibilities and Structure comprising an update of the 1974 manual. Additionally, the new management information system was made fully operational in 1976, which was the year all shore-based staff salaries, for those in administrative, supervisory and managerial grades, were based on the HAY-MSL system. As the consolidated accounts for 1976 were to show, it was also Ocean's most successful year, in terms of profitability. The economic forecasts for 1977 onwards indicated some difficult years ahead, but there were more than enough challenges to pursue and thereby enlarge the management development function in Ocean.

Some comment on the changes in the process of Ocean's appraisal system can now be interpolated. The revisions completed at the end of 1976 owed a debt to the continuing direct involvement of the Executive Committee; work with the Institute of Manpower Studies and to discussions with managers on-the-job and during the series of management development programmes conducted at Sundridge Park Management Centre 1974-76. A comment on these courses will be found at Appendix 56 Annexe 1.

In the context of the overall management development role in Ocean the appraisal system has to be viewed as a major sub-process, within an

amalgam of sub-processes, such as career planning and development, counselling and management education and training, subsumed by the generic process of management development.

Reverting to the previous chapter, pages 159 to 161, the MDA's first audit on staff assessments had confirmed a satisfactory launch of the scheme in 1974, but there was a number of issues which were to call for more positive involvement by line managers. The assessment interviews between assessor and assessee, in some unit businesses, had been reported as being more a monologue than the intended dialogue. Some unit general managers were not enabling section managers to participate effectively in the performance planning process. Whilst the first problem pointed to more action by the MDA, the second problem required an unequivocal policy direction from the Executive Committee. The reviews of business results and forward planning, carried out with each division, by the Executive Committee in October - December 1974, afforded an opportunity for general managers to be reminded that the Group Appraisal System required effective implementation of the performance planning process through individual involvement.

The subject of assessment of potential was to be further researched with the assistance of the Institute of Manpower Studies in 1975/6. It had been a strategic decision to operate the 1974 appraisal scheme for three years, before making any radical changes in the process. This did not preclude minor changes.

The MDA was anxious not to be pressed into making any major revision until the time for assessments in January/March 1977. There was a number of organizational changes to be effected in 1975 through 1976 -

1. the incorporation of manpower planning into the strategic planning process from 1975 onwards;

2. the implementation of the new Group computerized management information system;
3. the move towards a single salary administration process, which was to be the HAY-MSL system;
4. new businesses were acquired, some old businesses were streamlined, divestments were planned in the OMI division;
5. a restructuring of operating divisions was in hand for 1976.

The foregoing would impact on the future pattern of the appraisal scheme. Additionally, time was needed to train managers and supervisory staffs in the decision-making process. This was a central theme in management courses from 1974 onwards and also in supervisory/junior management courses at Burton Manor from 1975 onwards. Some comment on this training is included later in this chapter.

Following the annual round of strategic planning and reviews of business results in the late autumn of 1974, Harry Chrimes indicated he was not satisfied that sufficient regard was being paid to the need for dialogue in the staff assessment process. In a memorandum of 16th January 1975 the Deputy Chairman called for views on the method of asking General Managers of Divisions to communicate to each member of staff guidance on the principles which underpinned the individual assessment procedure and to ensure that the procedure provided, not only an opportunity for individuals to review their past performance, but a means to express their hopes and ambitions and the training that would be appropriate; a copy of the memorandum is at Appendix 41. This played directly into the hands of the MDA, whose advisory role precluded his communicating directly to the staff of the various divisions. What had already been

discussed as 'Notes' in draft form at a GTC meeting was promulgated by the Executive Committee and a copy distributed to every member of shore-based staff, covered by the assessment scheme. A major contribution had been made in drafting the 'Notes for the Information of Staff' by the personnel officer of Ocean Mercantile Investments. Her work was rewarded further when the Notes were published in booklet form in 1976. A copy of the 1975 Notes is at Appendix 42 and a copy of the booklet will be found in the back pocket of Volume 2.

An opportunity could not be missed to reiterate the requirements of assessors and, in particular, general managers. The MDA obtained Executive Committee approval to circulate what was a brief up-date of the original Notes of Guidance, under the title 'Prerequisites for Ocean's Appraisal Scheme' and a copy is at Appendix 43. Whereas the notes for individuals were intentionally phrased to encourage dialogue, the prerequisites for assessors set out, in a more trenchant form, what assessors were expected to achieve in creating an opportunity for dialogue. The appraisal audit in the Spring of 1974 had made the MDA aware of a number of newly appointed executives ready to plead their supervisors had not briefed them adequately on the assessment procedures. There were unit businesses whose general managers were failing to comply both with the performance planning procedure and the requirement for a dual performance assessment, by the assessor and the respective job holder. It was a case of having to counter retroactive responses by something more telling than gentle admonishment. Consequential changes in some senior posts were a reminder that non-compliance and deliberate flouting of Group directives could have dire consequences. Herein were danger signals for the interventions approach; it was essential not to be labelled the 'hatchet man'. The situation was redolent with issues which can beset the action researcher who operates too closely at the

point where decisions of last resort are taken. The MDA was determined, nevertheless, not to be bedevilled by dissenters, but he had to be ever responsive to the climate of opinion, especially the articulated views of general managers of operating divisions, who were also main board members, and, also the views of representatives of unit businesses and service activities, who were members of the GTC.

A good example of the communication one expected to be issued by divisional general managers was that of Lenox-Conyngham, sent on 16th January 1975, to the thirty five assessors in Ocean Liners Division (a copy of the memorandum is at Appendix 44). The content of this memorandum pointed, however, to a fault in the design of the appraisal form for managers in grades 11-16. Copies of completed assessments of potential for staff in grades 11-13 would not necessarily include the comments of the divisional general manager. It was important to identify staff who had high potential, of an order which could lead to their transfer to a 'fast track' for career development, as provided in the Group policy, discussed earlier in the chapter. Divisional personnel managers covering the Liverpool-based divisions, Cory division and Straits Steamship Company were asked to forward recommendations to the MDA on staff with high potential, who were in posts below grade 14; for those in grades 14 and above, group career planning procedures identified the 'helicopter' talent, and this is discussed in chapter 11.

The audit of assessments carried out in 1975 showed a marked improvement on 1974, not least in the positive approach being made for a meaningful response to individual performance planning. There were some unresolved issues relating to the assessment of potential and the analysis of development and training needs was generally inadequate.

At the March 1975 meeting of the GTC the MDA was asked to carry out a general review of the scheme and to report back to the GTC in October 1975.

It was agreed that the management development course, being conducted at Sundridge Park, would provide input data for the revision. As the courses would continue through to the autumn of 1976, no major changes would be carried out to the appraisal scheme before the strategic reviews in October/November 1976.

Interest had been expressed among members of the GTC in the research being carried out in Durham Business School, known as the expectations approach⁴¹ under the direction of John Machin. An opportunity had occurred in April 1975 for one of the researchers, John Temple, to engage in some informal discussions with the MDA. Temple was able to outline some possible applications within the Ocean performance planning and assessment procedures. A copy of the discussion paper prepared by Temple is at Appendix 45. There was much in the discussion paper that linked directly with the concern of Harry Chrimes about the effectiveness of a dialogue in the assessment process; it also indicated some valuable inputs to effective involvement/participation of individuals in their unit businesses and the Group as a whole. A small group of GTC members, who had been involved with sessions conducted by Victor Vroom at the Bradford Management centre, were asked to draft a paper for the GTC embracing the ideas of Vroom, Porter and Lawler from the United States and Lupton and Machin from among British researchers. Sadly, before this could be taken a stage further, some retrenchment took place in the allocation of the GPD budget for consultants' fees. The MDA was limited to using the links with the Institute of Manpower Studies and the PA Management Consultants, with whom he was working at the Sundridge Park Management Centre, which at the time housed the research division of P.A. The link with John Machin et al was not forged and concurrence between Ocean's approaches and those of the DUBS researchers was not put to the test. However, a careful study was made within GTC of the

Report No. 4 of November 1974,⁴¹ prepared by John Machin's team. The book by Machin on the Expectations Approach⁴² was published in 1980, when the MDA had left Ocean. Charles Bowen⁴³ may well have been dismissive of the new approach, adjudging it to be a transitory technique, but for the MDA, in 1975, it did suggest a sound action-oriented approach to effective communication within Ocean's performance planning and assessment system. Further analysis of the expectations approach does not belong to this research study.

A discussion paper prepared by the MDA for a meeting of General Managers of Divisions on 26th June 1975 outlined a revision of the shore staff annual assessment, embracing:

1. the introduction of a single form for all grades of staff;
2. the retention of the 1974 performance assessment process, but the withdrawal of the first two stages of the performance review, from the annual assessment report;
3. the recording of individual performance plans and the assessment of results on a working document to be agreed by general managers. The latter were able to continue using the form introduced for the 1974 scheme;
4. the revision of the review of potential.

A copy of the discussion paper, including the revised form and accompanying guidance notes are at Appendix 46. The decision of the general managers was to accept the revision, in principle, but they called for an extended time scale for recommendations on the review of potential. This was in line with the findings of the two annual audits

of the assessment programme in 1974 and 1975. The GTC subsequently agreed that the MDA should continue with his field research and to report to the general managers in June 1976. This would allow for adequate discussions with the Institute of Manpower Studies and to draw together the evaluations of managers sponsored for management courses at Sundridge Park Management Centre and for the courses at Burton Manor Residential College from 1974 to 1976. Additionally, discussions with other organizations were to continue.

The outcome of the field research and the annual audit of assessments in the Spring of 1976 allowed the MDA to set the course for a revised appraisal scheme, to come into operation on 1st January 1977. The scheme was to continue under Group mandate and included the completion of a four page assessment report, for all grades of shore-based staff. The format for the report is set out on pages 259-62; it made provision for revised sections covering 'Potential Review' and 'Training and Development'. A printed booklet, prepared by the MDA, covered guidance for both the 'Annual Assessments' and 'Notes for Managers Determining Individual Performance Plans'. The latter remained as prescribed for the 1974 scheme. The main organizational change was the transfer of both the administration and operational control of the scheme in January 1977 to General Managers of Divisions, with the MDA required to submit an annual review to the GTC, compiled from an analysis of divisional monitoring of the scheme. A copy of the revised edition of the booklet will be found in the back pocket of Volume 2.

The 1976 revision, like the average law textbook, was obsolete, in one context, soon after publication, as the index of promotability no longer remained the only input for career development. By 1980 one was mainly concerned with career transitions, which did not, necessarily, include promotion.

Reflecting on the years 1972-76 one could say that the design and development of Ocean's appraisal scheme owed most to the early work of the Group project group, coupled with the action research initiated by the MDA. It owed much less to the two bodies, with whom the MDA's interventions were associated. One body seemed, not surprisingly, to be more concerned with preserving its involvement with Ocean's salary administration scheme than the appraisal scheme. In the event it was replaced by HAY-MSL in 1976. The other body was represented by people more than obliquely concerned with getting 'copy' for their future publications, rather than a total commitment to their commission with Ocean. It would be remiss of the author not to record the real contribution made by John Foden (now managing director) of PA Management Consultants, to the management development programme at Burton Manor, and to the value the MDA derived from liaison with John Lawrence, when director of IMS.

One can now outline, briefly, the conceptual theory and research findings which influenced and complemented the MDA's action research, during 1974-77, relating to the appraisal scheme.

The findings of a survey carried out by a research team from Durham University Business School and reported in an article by David Ashton and Peter Taylor ⁴⁴ in 1974 provided a timely conspectus of approaches and useful comment on the characteristics of effective appraisal. Ashton and Taylor wrote:

"From the view of the overall management development role, attitudes to appraisal and the quality of information generated are key constraints upon the possible contribution of management development to organizational effectiveness."

For Ocean this twofold tenet - positive attitudinal response to appraisals and appropriate information data was the *sine qua non* of managerial effectiveness, measured in terms of achievement of planned results and the underpinning of the management process in terms of structure and management system, as these conditioned organizational effectiveness.

Ashton and Taylor concluded from their survey of 30 organizations that there were five characteristics which could be identified in firms successful in the operation of their appraisal schemes. These included:

- (i) appraisal as a summary of a continuing monitoring of subordinate performance;
- (ii) the outcome of the appraisal meetings not pre-determined;
- (iii) self-appraisal as part of a move towards self-development;
- (iv) appraisal as a regular activity, and
- (v) salary review as a separate activity from appraisal

In broad terms, each of the characteristics was part of the Ocean scheme, and one can say at this point that characteristic (iii) - self-appraisal leading to self-development was to play an increasingly important part in the management development in Ocean from the mid-1970s onwards. Ashton and Turner refer to some contemporary studies; one of these by W.E. Beveridge on *Attitudes to Appraisal in Three Work Organizations*⁴⁵ concluded, *inter alia*, that there is:

"a significant relationships between opportunities provided in appraisal to professional staff to influence decisions concerning their jobs and careers,

and their evaluation of the utility of the appraisal system and the favourability of their reactions to it."

An article by Rex Adams on *Performance Appraisal and Counselling*⁴⁶ (1974) pointed to the difficulties experienced by managers when making judgements on the performance of subordinates. In Ocean the difficulties were particularly apparent when assessing potential, less so when assessing performance against previously agreed key result areas and targets, as these could be objectively measured on Ocean's semantic differential scale.

Alan L. Patz in his article *Performance appraisal: useful but still resisted*⁴⁷ comments on a survey he carried out in 19 companies, from which he noted two interesting and consistent observations -

1. that traditional forms of appraisal are still in use (meaning those based, in the main, on psychological traits), and
2. that management, whilst unwilling to abandon performance appraisals, experienced difficulty in carrying them out.

This was not unlike the situation in Ocean prior to 1974. One could concur with Patz's findings when he refers to the systemic barriers and behavioural barriers (Chrimes had underlined a problem about dialogue) hindering the process in action. Patz found from his survey that "performance appraisal is an ensconced but troublesome presence."

One could agree with Patz when he pointed to some confusion of purpose. Performance appraisal is essentially a review of achievement or lack of it, as it relates to past results: goal-setting is concerned with future orientations. This had caused not a few Ocean managers to question the role of subordinates in what they perceived as their

prescriptive role in determining future plans unfettered by subordinates' involvement. But the Ocean scheme aimed to interlock both aspects within the appraisal scheme. What Patz does not examine is the incipient danger of concentrating on individual performance to the detriment of overall business performance. The Ocean scheme deliberately aimed to cohere the process of business planning and control, with individual planning and control. The critic will point out that management in action may not allow for accurate extrapolation of what is the 'individual' component. It raises the question of how far it is possible to distinguish one individual's contribution from another in a closely interwoven task group. This adds a further question mark against the efficacy of the appraisal procedure being used as a vehicle for assessing managerial potential. The MDA attempted to answer such criticisms by pointing to the importance of job analysis, which, when effectively carried out, should delineate the purpose of each individual's job or task role. The individual contribution had to be assessed against this job purpose, notwithstanding a commonality of purpose in a task group. Each individual in such a group has to be considered as a unit of manpower, an instrumenting human resource, whose individuality denotes a measure of differentiation, within an otherwise stereotyped task group. For routinised jobs it prompts some specific attempt to align individual behaviour to prescribed attitudinal response. Thus appraisal can be carried out in terms of assessing the degree to which changed attitudes correspond with mutually acceptable standards of performance. It was certainly a reality, within Ocean businesses, when training non-unionised employees. The reader will wish to note Ocean managers were directed to refuse to allow a union representative to be present with a member during an assessment interview, with his/her superior. It was considered to be an unjustifiable interference and would constitute an intolerable imposition of union

representation in a strict confidential interface. The answer lay with the union to withdraw its members from participation in the appraisal scheme if they so wished. In the event there were few cases where this happened.

The question of attitudes and behaviour had been a topic of discussion early in the formulation of the appraisal scheme. A discussion note on the theme is at Appendix 47.

W.J. Kearney provided an interesting and behaviourally oriented approach in his article *The value of behaviorally based performance appraisal*⁴⁸ (1976). It reinforced the MDA's approach but did not provide any seminally new ideas. The book by Edgar Anstey, Clive Fletcher and James Walker on *Staff Appraisal and Development*,⁴⁹ (1976) contained the most relevant set of findings for Ocean's appraisal scheme and, as indicated on page 151, the MDA was able to engage in useful discussion with a number of company specialists, who had provided data for Anstey et al.

In 1977 two articles were published by the Institute of Personnel Management: *Recipe for a realistic appraisal system* by Robert Parkinson⁵⁰ (1977) and *Towards more open performance appraisal* by Deirdre Gill⁵¹ (1977), both articles providing a useful list of references, which were recommended to Ocean's personnel executives. The 1977 Information Report by Deirdre Gill on *Appraising performance: present trends and the next decade*⁵² tabled for discussion at a meeting of the Personnel Managers' Committee provided some cogent input for the revision of Ocean's appraisal system.

The format of the revised 'Potential Review' (vide: page 233) centred on potential for promotion, within a time scale starting with an assessment of immediate promotability to a period five years on. Assessors were asked to consider six factors relating to promotability, as set out in Figure 22 on page 233. These factors were inter-related with the

Figure 22

Potential review

1. The aim of the potential review is to:
 - 1.1 identify promotable staff
 - 1.2 assist in the preparation of career plans for individuals
 - 1.3 indicate development and training needs for promotion.

2. The assessment of potential for promotion to jobs with higher levels of responsibility embraces factors much broader in effect than the review and report on the previous twelve months' performance. The latter does give, of course, some indication of the individual's suitability for promotion. Assessors reporting on potential for promotion should consider the individual's -
 - 2.1 track record, i.e. his/her performance over the previous three years, taking into account, as appropriate, the factors listed in Figure 23, page 250
 - 2.2 ability to see problems from a higher vantage point than required in present job and to shape his/her work accordingly
 - 2.3 ability to inspire and to lead others effectively
 - 2.4 suitability for promotion, bearing in mind the scope of responsibility in more highly graded jobs
 - 2.5 availability and mobility, both in the immediate future and long-term, and
 - 2.6 adaptability in meeting demands of business with differing patterns of organization and work environments.

3. The assessor should endeavour to indicate the type of job, nature of work and time scale of promotability.

3.1 The following matrix is provided on the assessment form:

PROMOTION POTENTIAL (if applicable)

Time Scale	Type of Job and Nature of Work
Now	
Within 2 years	
Within 3 to 5 years	
Eventually	

'Guide line of factors relevant to managerial jobs' which are reproduced in Figure 23 on page 235. These were to remain in use throughout the period covered by this action research study, but the factors set out in Figure 22 were subsequently modified to accommodate career transitions.

What contributed most to the effectiveness of the Group's potential reviews from 1976 were:

1. discussions between Ocean managers and seagoing officers at Sundridge Park Management Centre, combining:
 - 1.1 replays of the film produced each year, from 1975 onwards on Ocean's results, conducted by Michael Barrett, then a BBC broadcaster, and interlaced with an interview with the Chairman: Lindsay Alexander, and
 - 1.2 use of film strips depicting various activities within the Group, of which many were included in the booklet, which will be found in the pocket of Volume 2;
2. examination of the MDA's library of outline job specifications, edited by personnel staff, for the personnel reviews;
3. consultations between line managers and the MDA; and
4. a review of current theory and practice.

This research study calls for some comment on the fourth named influence, though it was, in no sense, the primary activator of potential review in the post-1976 period.

A.M. Stewart published, in February 1973, a descriptive survey of the *Identification of Management Potential* ⁵³ through the use of a 5-day

Figure 23

```

*****
* Guide line of factors relevant to managerial jobs *
*
* 1. The assessor should consider the manager's performance *
* under the following headings: *
*
* 1.1 Problem analysis *
*
*     effective use of analytical thinking in the manager's *
*     work and the application of this to the formulation *
*     and achievement of business objectives *
*
* 1.2 Application of analysis through judgement and *
*     decision-taking *
*
*     competence in basing actions on sound judgement which *
*     commands respect and commitment of others and ability *
*     to take effective decisions *
*
* 1.3 Managing people *
*
*     effectiveness in dealing with human resources, ability *
*     to communicate effectively and quality of leadership *
*
* 1.4 Developing human resources *
*
*     ability to develop people in conjunction with *
*     organizational development of the business *
*
* 1.5 Understanding the environment *
*
*     level of understanding of the external and internal *
*     environment affecting the business *
*
* 1.6 Range of adaptability and innovative skills *
*
*     ability to look at situations from a higher level and *
*     relate actions to more than one level in the *
*     organization of Ocean and capability in applying *
*     innovative skills to managing change and *
*     diversification *
*
* 1.7 Commercial ability *
*
*     competence in managing and improving existing *
*     commercial activity and ability to plan and control *
*     sound strategic plans embracing profitable *
*     operational activities. *
*****

```

assessment programme, combining a two-day assessment, not unlike the well-tried group selection process carried out in many organizations from the late 1950s onwards. The process embraced individual exercises, individual interviews, group exercises and psychological tests. The assessors with whom the author was involved in the National Coal Board selection of Administrative Assistants in the 1960s had included senior members of NCB headquarters staff, divisional staff and assessors drawn from the Civil Service Commissioners. The NCB assessment process covered both formal interviews with individuals and observation of candidates in group activities. There was nothing radically new in Stewart's 1973 paper. The two/three day development programme, described by Stewart, covered, *inter alia*, communication skills, effective group behaviour, work organization and self-development planning. It was the latter only which was coupled with some new initiatives in the late 1970s, in which the names of Burgoyne, Boydell and Pedler are associated. For some managers in Ocean, the self-development approach was new and the MDA conducted a number of training seminars, covering the assessment techniques and the development themes outlined in Stewart's paper.

They formed part of Ocean courses at Sundridge Park Management Centre and Burton Manor College. Ocean's appraisal scheme did not include formal psychological tests, but approval was given in 1975 for the inclusion of a non-technical, non-clinical profile inventory developed by Professor M.M. Kostick of Columbia University and Applied Psychology Associates, on Burton Manor courses. The U.K. franchise was held by PA Management Consultants but, as their close association with Ocean ended in 1976, the use of the Kostick method was not incorporated into the formal career development process. A brief outline of the Kostick Perception and Preference Inventory (PAPI) is at Appendix 48.

Of more interest for the Ocean assessment of potential in the mid-1970s was the BIM Management Survey Report No. 27 of 1975 on *Identifying Managerial Potential* compiled by Roger Holdsworth.⁵⁴ He examined current practice and thinking on the identification and development of future managers in 241 companies. Of particular value was the explication on *methods of assessment for promotion and development* including reference to formal psychological tests and other exercises. In an appendix Holdsworth set out copies of forms in use by companies, including those of Powell Duffryn and Unigate. The reader will find some replication of these in Ocean's revised system of the review of potential. Previous reference has been made to potential assessment operated by Sun Alliance & London Insurance Group. The three companies were those in which the MDA carried out his field research during 1975/76.

Among the other mainstream empirical studies examined in 1976 was a survey of contemporary practice distilled from a Cooperative Research Programme on the Assessment of Potential by the duo team of Andrew and Valerie Stewart⁵⁵ on behalf of the Institute of Manpower Studies. The Ocean management development department and the career planning unit had participated in the programme. The IMS Discussion Guide was used as a basis to encourage a comprehensive revision of the Ocean approach to the review of potential.

The IMS survey outlined four methods in use by companies:

- | | |
|---|--------------|
| 1. Assessments made at or near to annual performance appraisal | 19 companies |
| 2. Assessment made by panel interviews of assessees (but not part of an assessment programme) | 5 companies |
| 3. Assessment programmes | 4 companies |
| 4. Management discussion groups without the presence of an assessee | 5 companies |

The Ocean approach to the assessment of potential and selection for career development was an amalgam of methods 1, 2 and 4.

To facilitate examination of the IMS Survey, a discussion paper was prepared, a copy of which is at Appendix 49. Its main purpose was to widen horizons, particularly among personnel staff, whose job roles had previously centred on personnel administration or labour management and wages control.

Coupled with the publication of the revised appraisal scheme, a request was made through the general managers of Liverpool-based divisions for assessors to obtain briefing on the staff assessment procedure, particularly the interviewing process, target setting and in preparing individual development and training plans. A series of one and a half-day seminars was held at Burton Manor during November 1976, using closed-circuit television and other audio-visual techniques. Some sixty managers responsible for staff assessments participated; all had previously attended a programme at Sundridge Park or Burton Manor. It was encouraging to work with much more committed managers than the MDA had experienced three years previously. There was every reason to look forward to a marked improvement in the 1977 assessment programme. A similar in-company series was organized for staff in Cory Division and arrangements made for a similar programme in Singapore in the autumn of 1977. A copy of the MDA's report (a reactions level evaluation) on the Liverpool seminars is at Appendix 50. The reader will note there was an anticipated gap between the assumed and actual understanding of the assessment process. One could look forward to the 1977 appraisal scheme being much better managed, and so it proved.

One must conclude the comments on the appraisal scheme by noting that managers in 1977 had a number of excellent British texts from which they could enlarge their understanding of this important aspect of

human resource management. Writers were concerned to demythologise some of the mystique which had surrounded the subject. The two which were widely used and circulated were those by Anstey *et al* and Andrew and Valerie Stewart⁵⁷. One written on the public sector by Ronald Wraith⁵⁸ contained interpretations relevant to Ocean. A copy of a short exposition on *The Design of Appraisal Systems* by Braddick and Smith⁵⁹ of Ashridge Management College, written in conjunction with the Chemical & Allied Products Industry Training Board and published in 1977, was sent to all personnel managers. Two further books by the Stewarts were published on *Practical Performance Appraisal*⁶⁰ (1977) and *Managing the Manager's Growth*⁶¹ (1978). All the foregoing were of a kind: excellent distillations and interpretations of the state of the art, i.e. the process of staff appraisal as being practised in the late 1970s: none had charted new voyages of discovery on appraisals, but managers could no longer claim the process was not capably articulated as an integral part of management.

Before one moves on from the mid-1970s, reference should be made to two articles in the journal *Industrial and Commercial Training* as these had a direct bearing on the course of events in Ocean. The first was by Charles Handy dealing with Organizational influences on appraisal (1975)⁶² in which he sets out two approaches:

1. the instrumental
2. the experimental

Summarising Handy's analysis, instrumental man starts life with a *tabula rasa*, an empty book, in which things get placed over time (knowledge, skills, techniques, attitudes, habits). The learning process is basically didactic, learning from someone else to add new dimensions of know-how to one's personal collection. The gaps in individual collections connote with training needs, what Handy calls 'gaps in collection' and training

courses are 'collecting devices' and planned development is concerned with adding new chapters to one's empty book. This would be an apt description of the way the Ocean appraisal system transferred know-how about appraisals, in the development of managerial learning to achieve optimal performance through the instrumentality of the MDA...

The experimentalist seeks new problems, yet unsolved, and is identified as the individual who is seeking new experiences and can generate his/her own development.

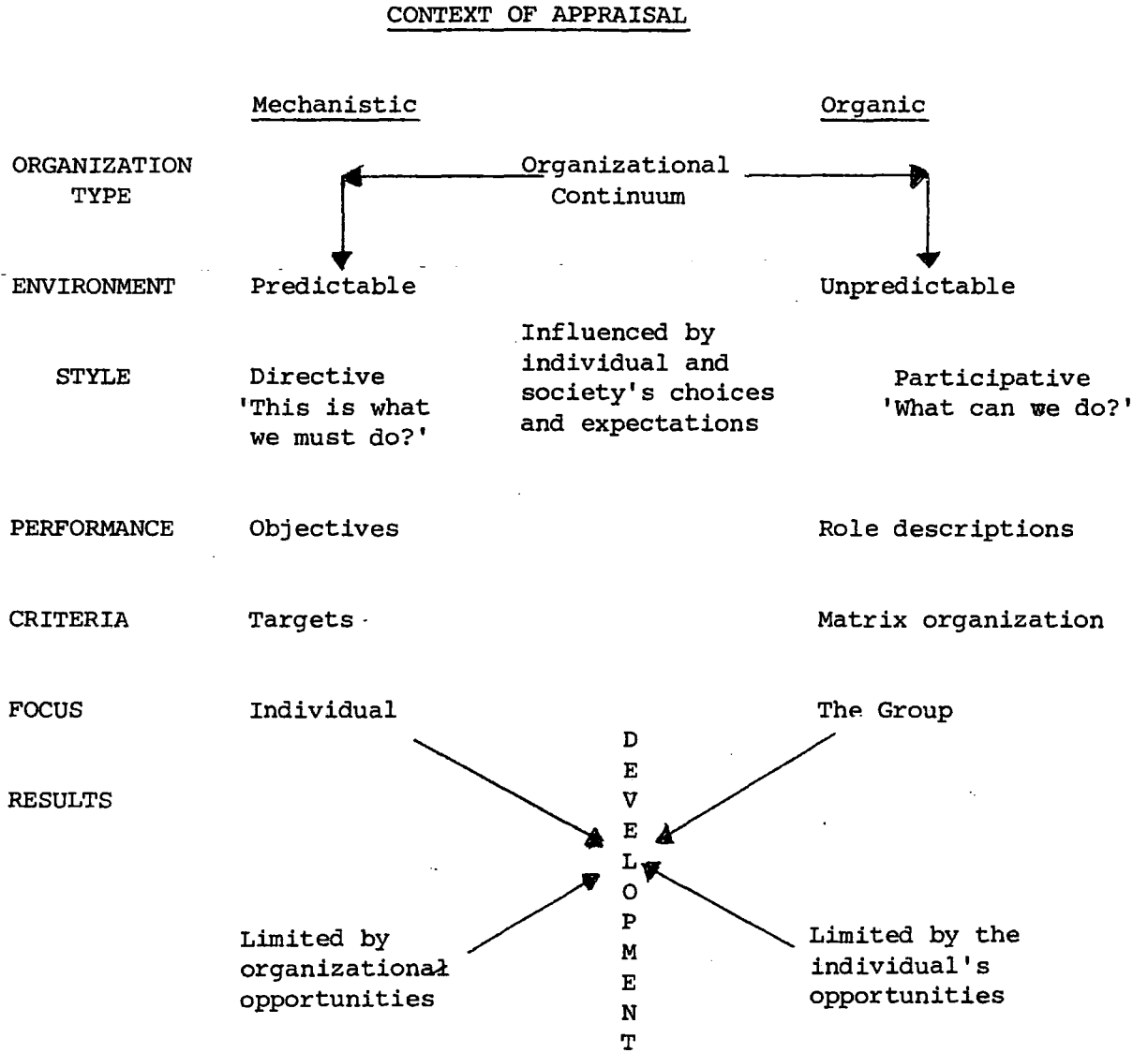
Basically, the 1974 Ocean Appraisal System was instrumentalist, the changes made in 1977 provided scope for the experimentalist. For the MDA it meant a change from being a process formulator and controller, executing a Group mandate, to being a facilitator and adviser. Handy's article pointed to a truism that the only organizational law that seems constantly to revalidate itself is that of the pendulum, the law of reciprocal change. With the retirement of Alexander, the pendulum soon changed direction, away from the dynamism that had coloured the 1970s. As one entered the 1980s the shipping companies of the U.K. had to counter a new cavalcade of change. The quadrupling of crude oil prices in 1973/74 had sent shock waves through U.K. shipping companies; in 1979 oil prices doubled again. In the time span covered by this research study, the cost had multiplied ten times. Sadly, the consequential changes in world freight movements were to play havoc with Ocean's strategic plans. Whereas, in the mid-1970s, one could think of Ocean's activities as principally concerned with shipping, by the early 1980s a major retrenchment policy was being carried out, resulting, not only in a major contraction in shipping operations, but an attempt to diversify into non-shipping activities. This study ended at a time when Ocean's top management had set a new course, the outcome of which was uncertain. But it was to afford new opportunities for the experimentalist.

The second article provided a *modus operandi* for assessing where Ocean could be placed within an organizational continuum extending from a mechanistic to an organic (= organismic) system. The authors David Tuffield and Pat Terry provided *Another Look at Appraisal* ⁶³ indicating a range of predictable and unpredictable contours, associated with the mechanistic and organic organizations. The diagram provided by Tuffield and Terry is reproduced on page 242. The Ocean Group in the late 1970s could be positioned some way along the continuum towards an organic type, but it was not, in every sense, an open system organization. The parameters within which the MDA had fashioned management development initiatives were essentially predictive, but with an increasing measure of opportunities for individuals and work groups to explore new channels of business opportunities.

This chapter is unfinished without some account of the work done on management development programmes. They were not devised to improve current management performance only, but also with building a development strategy through which managers could be provided with a corpus of knowledge, skill and managerial behavioural responses to manage change. For Ocean this was to involve, by the end of the 1970s, a move away from the organizational culture of a shipping company, towards a multi-location group of, predominantly industrial services.

The approach to management development programmes in Ocean has been outlined in Appendix 25. The broad development strategy was to provide competence in the analysis of business situations, the acquisition of skills and techniques of decision-making, marketing, finance and the effective managing of human resources. The latter term was associated with Ocean's approach to the effective managing of resources as the pre-emptor of success, measured in terms of economic performance as Drucker had set out this parameter twenty years earlier. Managers were encouraged to focus on the interlocking of resources - financial, physical and human - in the planning and execution of managerial work.

Figure 24



David Tuffield and Pat Terry

(Industrial and Commercial Training
October 1976)

From the outset the MDA chose to pivot his development and training interventions on the analysis of managerial work and effective decision-making. The reality of management required that the central issues of analysis and decision-making were applied to financial management, the utilization of physical resources and the effective managing of people.

Earlier chapters have referred to training in strategic planning and finance - *vide* Chapter 6 and Appendices 6 and 7. These formed part of the training strategy covering management and supervisory training programmes on problem-solving and managing people; marketing; finance and effective supervisory management. They are discussed under Appendices 56 and 57.

Overall the management development programmes derived from a training audit, the purpose of which was to establish priorities in the inputs to off-the-job training and development and on-the-job developmental activities, aimed to achieve optimal performance, predicated on a high level of competence in executing jobs at all levels. For this research study, managerial jobs is the main locus of interest. But the comments that follow had relevance to all development and training work in Ocean, during the 1970s.

A starting point of Ocean's management development and training programmes was a statement of the nature and scope of development and training of:

1. individuals, and
2. team development

The two aspects of development and training can be considered in relation to:

1. the process involved in the specific operational or service activity, in the managerial or supervisory context as this relates to the know-how for the execution of tasks;

2. the procedural elements relate to job skills, eg. freight manager, cost accountant, job analyst;
3. people management - the managing of human resources, and
4. perspective, which calls for knowledge of the business environment, both external and internal, in which the unit manager or Board member operates.

A further keynote requirement is to set out the relationship between individual and team development as illustrated on page 4 Appendix 51.

A third prerequisite is to specify the type of training, which, in the Ocean context, comprised:

1. On-the-job development
2. Action-centred projects
3. Management training courses

Additional explanation of the nature and scope of development and training is provided in the appendix, as above.

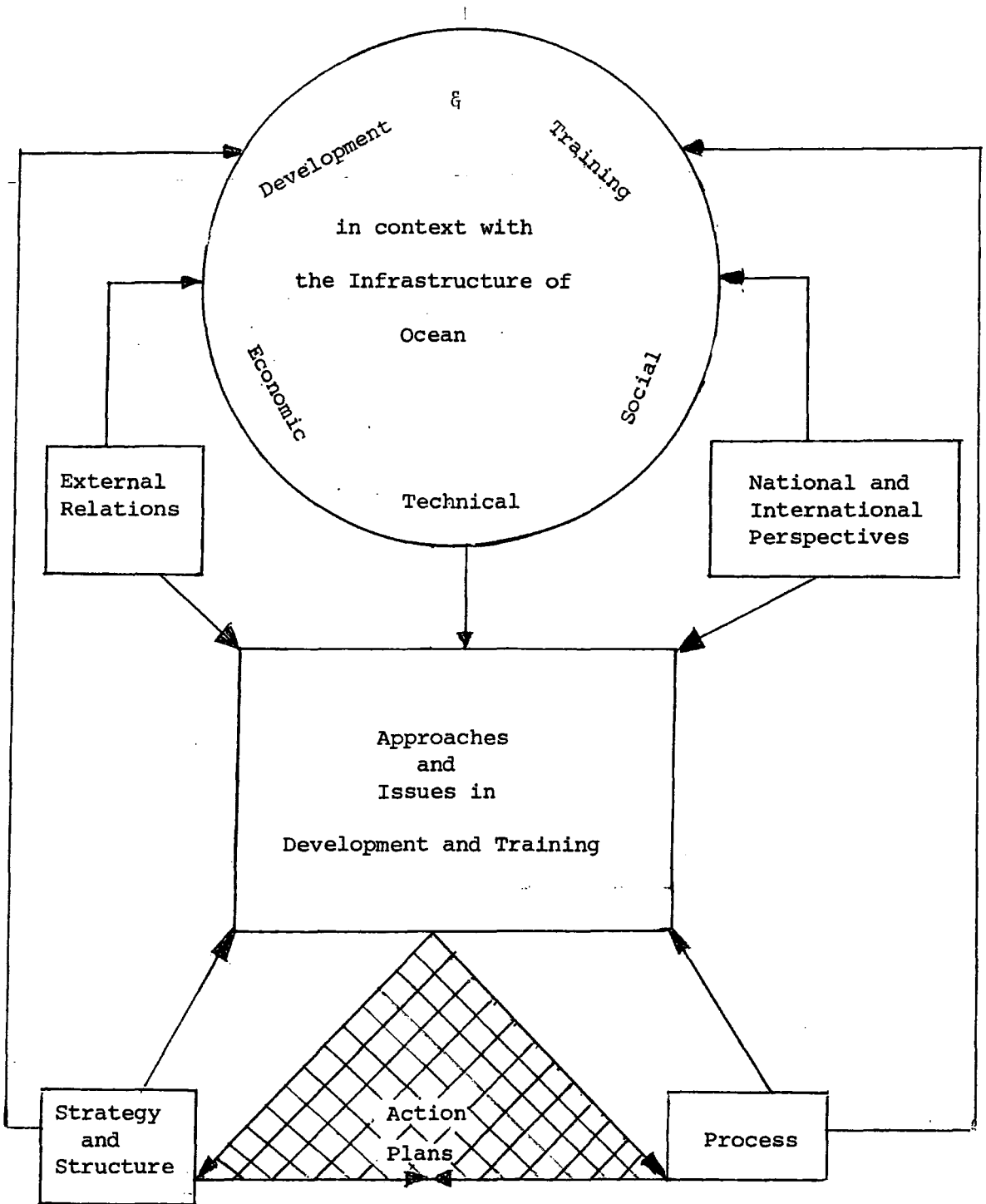
This action research study does not include an in-depth study of the training function, *per se*, but some essential features must be indicated.

Figure 16 on page 177 and Figure 17 on page 178 illustrate the contextual relationship of individual development and training needs and individual career development.

Clearly the development and training programmes had to be set in context with the infrastructure of Ocean, and this is illustrated in Figure 25 on page 245. A development and training strategy was derived from a systematic analysis of needs and this was activated by the MDA through his role as analyst:

Figure 25

Development and Training within Ocean



- A Analysis of appraisals - a training needs audit

- N Notating the issues highlighted by the audit

- A Approaches systematically predicated on diagnosis
of real development and training needs
- L Learning to respond meaningfully to the juxtaposition
of individual and company perspectives
- Y Yearning benefit to individuals and company, through
appropriate approaches eg. project-based learning
- S Systematizing the development and training
methodologies
- T Training managers in a learning situation - formal
learning inputs in off-the-job situations and
experiential learning inputs on-the-job.

At the end of the day the propensity to learn effectively to apply knowledge, skills and attitudes in work situations was the *raison d'etre* of Ocean's management development programmes. This action research study cannot claim to have been built on an in-depth study of learning theories, but it is appropriate to claim that what was done by the MDA owed more to cognitive-organizational theories than to behavioural-associationist theories. Of the latter one could remark on the deliberate attempt by the MDA to change the behavioural scenarios of managers away from a Skinner mode of operant conditioning towards an open-systems learning environment, in which the 'discovery-learning' process in child development was replicated in cognitive experiential learning through action-centred training by performance development projects (ACT - PDP). The contributions of a number of American and British writers helped the MDA to construct some responses. Among these were Bower and Hilgard in their compendium of

*Theories of Learning*⁶⁴ (1966 and 1975), and Jerome S. Bruner and others in *Studies in Cognitive Growth*⁶⁵ (1966). Ivor K. Davies in *The Management of Learning*⁶⁶ (1971) provided some insights to learning by managers whom Handy⁶⁷ refers to as 'institutionalists', though Davies tries to reconcile the classical conditioning approach with an open systems approach to situational learning. A comment on his ideas is at Appendix 52; this explains how his interpretations matched the early phase of Ocean's management development programme, based on a normative response to educational technology. It was certainly true of the first stage of training in the appraisal system. By the mid-1970s the MDA was attempting to apply situational responses to management learning as a concomitant to the emergent open systems approach to management. In this regard the final stages covered by this study benefited from work done by Rob Stammers and John Patrick⁶⁸ at the University of Aston in Birmingham and John Burgoyne⁶⁹ whose explanation of seven 'schools of thought', which underpins management development programmes, had proved a useful input to work in Ocean, for whom the choice from the 'magnificent seven' was the seventh - the obvious pragmatic approach with its amalgam of the other six! Burgoyne's *Schools of Thought on Learning Theory* are set out on Figure 26 pages 263-4. Another name to mention, as his training was most helpful for Ocean non-numerate managers, attending INSEAD courses at Fontainebleau, was Indrei Ratiu. He wrote on *Learning Theory Applied in Management Education - A Case History*⁷⁰ in 1977. There was nothing new in this, however, as ten years earlier similar initiatives had been instrumented by Charles Baker at Durham University Business School, Brian Houlden at Warwick University Business School and Peter Moore at London Business School.

The application of learning theory in Ocean centred on the change of approach in management learning executed by the MDA during the period of

the action research study. The management development programme mounted at Sundridge Park Management Centre in 1974 followed traditional lines - Motivation, Structured Stimulus, Response and Reinforcement, Feedback (i.e. end-of-course reactions level response), Participation and Practice, Application of Knowledge (a normative aspect), Perception (eg. tuning in with managerial responses to the Ocean appraisal system), all interlaced within pre-determined Training Objectives. The senior management courses mounted at Ashridge Management College in 1978-80, 5-Day Ocean management development programmes, provided some opportunity for participants to set their own training objectives, within, however, the compass of tutorial expertise at Ashridge.

As this action research study drew to a close one could refer to the contributions to a symposium, arranged by the Association of Teachers of Management, on New Developments in Management Development,⁷¹ in 1980. One contribution by Mel Berger and Bruce Nixon heartened the MDA that he had been setting a course parallel to what Berger had found as issues in the transfer of learning to the actual job, when researching in the Reed Group in 1970-71; the central problem concerned attitudes.

One cannot omit a reference to the work of Tom Boydell whose Manchester Monograph on Experiential Learning⁷² (1974) had provided an incisive input for Ocean's training specialists. Boydell had a wider readership with his contributions: A Guide to Job Analysis and the Identification of Training Needs.⁷³

Thus far one has referred to the prerequisites of identifying and analysing training needs followed by a decision on the appropriate approach to managing learning. These together constitute the ingredients for formulating a development and training strategy, in context with external factors (eg. Ocean international shipping operations) and national and international perspectives. As for the latter, the end of this research

saw the beginning of a new U.K. national training strategy in the Manpower Service Commission's: New Training Initiative;⁷⁴ it was set out in a consultative document in May 1981 and promulgated as an action programme in December 1981. The 1980s could well be recorded as the decade of major advances in management development and training in the post-industrial age.

Reverting to the concept of approaches, this can be demonstrated by way of an acronym and, at the same time, a useful mnemonic: *vide* Figure 27 page 250.

Having determined the approaches to management development and training, one can concentrate on the design of the programme, i.e. setting an action plan. One has to acknowledge that during the period covered by this action research study a number of Industry Training Boards had developed constructive guidance to companies within their scope. One can instance a useful contribution by the Ceramics, Glass and Mineral Products Industry Training Board in their Information Paper No. 5 on Designing Training Programmes. In context with normative approaches to training, it was a good document. What the MDA had to accomplish, over time, was a change from the normative or traditional sequence of identification of needs, setting training objectives, design of programmes, implementation of programmes and evaluation towards an adaptive, systems concept of training as an integrated process, as illustrated in Figure 28 page 251. It meant that the role of the MDA as adapter to company and individual needs had to become more flexible. The adaptive sub-processes in management development remained the same in kind, but the relevance of each to the whole process did not remain constant. Change called for a flexible and holistic relationship between the sub-processes.

Figure 27Management Development and Training

A key issue is to determine the appropriate situational approach,
in relation to:

1. the company, and
2. the individual and the work team.

Thus:

- A Attitudes have to be diagnosed

- P Perspectives have to be considered

- P Problem identification is a prerequisite for the:

- R Resolution of the problem(s) which facilitates:

- O Objectives being set to achieve the planned result
(e.g. new learning approaches to appraisals,
strategic planning, etc.)

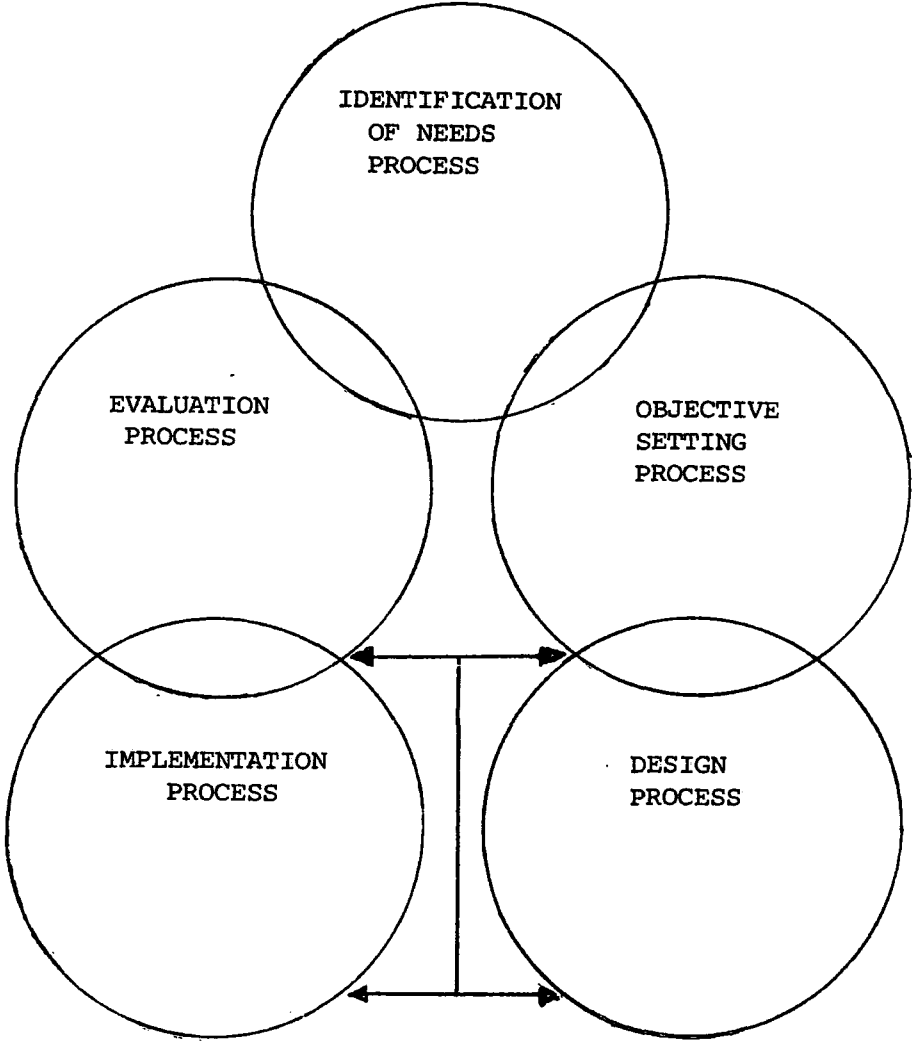
- A Achievement must be assessed against the development/
training strategy and plans, which calls for:

- C Controls to monitor (evaluate) progress, which is likely
to be enhanced where there is a:

- H Holistic approach to managerial effectiveness.

Figure 28

A TRAINING APPROACH AS AN INTEGRATED PROCESS



The role of the MDA as a development and training adapter is set out as a mnemonic:

- A Analysis of Training Needs of the Individual and the Organization
- D Diagnosis of the conjunction - the concordance between the perspectives of the company individuals and work teams
- A Approaches to Development and Training effectively planned
- P Prototypes properly tested
- T Training action plans implemented consistent with training strategy
- E Evaluation of outcomes carried out to planned format
- R Response to cost effectiveness measured in cost/benefit terms.

The last two sub-processes were of signal importance in the MDA's Action Programme. They were essential sub-processes and further comment on them is provided at Appendices 53 and 54.

Underpinning the MDA's response to management development and training was his conviction that the management development and training function had to be consistent and integral with business objectives and planning. The execution of the development and training function needs to be judged by the same criteria in terms of efficiency and cost-effectiveness, as govern any other activity. The author of this study had set out his general posture in an article in *Industrial Training International* in 1972; it is reproduced at Appendix 55. One did not need to change the viewpoint during the 1970s. Some notes on Ocean management and supervisory training programmes are at Appendices 56 and 57.

Any one of a number of alternatives to concluding this chapter could be chosen. The author has made an arbitrary choice by selecting two documents published in 1977, from which to set out some final comment on aspects of management development. They are:

1. A Discussion Document on Management Development
(Training Services Agency of MSC) ⁷⁵
2. Report of the Committee of the European Foundation for
Management Development on Educational and Training Needs
of European Managers - the Pocock Report. ⁷⁶

The year of publication was 1977, the mid-point of the seven-year period 1974-80, during which the major interventions covered by this action research took place.

There were so many contributions on the nature and scope of management development that it is impossible, in a few pages, to do justice to them. The beginning of the seven-year period had seen a number of bodies attempting to set management education and training in context with the needs of both the private and public sector of the U.K. economy. Some of the contributions have already been referred to in this chapter. The cynic might regard the 1970s as the decade of indecision and impotence in failing to reach a consensus on what is management development. But this point of view would ignore the reality of management change from the relatively ordered and stable state enterprise of the previous two decades, to the turbulent organizations of the 1970s which cried out for new approaches in developing managers.

The decade from the publication of the *Survey on Management Training and Development* by the Survey Unit of the Department of Employment in 1971 to the publication of the Manpower Services Commission's *New Training Initiative* in 1981 saw a large amount of public money allocated to encourage and cajole enterprises to develop their key resource in management: people.

Alongside the attempts to formulate a national strategy were the contributions of Business Schools. The two 'prestigious' schools in London and Manchester had been able to fund professorial posts in management development; Cranfield and Durham established a high level of credibility in the same area. Schools in Bath, Lancaster and in Scotland have developed expertise in cognate areas. As already stated, in this chapter, shipping companies were not easily convinced that business schools could contribute meaningfully to management development. For Ocean, however, the liaison with directors of the schools in London, Manchester and Durham during 1976-77 encouraged top management to extend their links through sponsorship of selected people for post-graduate programmes and post-experience programmes. Ocean had close ties with Sundridge Park Management Centre and Ashridge Management College. Four people attended the specialised management development courses at Ashridge and CEI (now MEI), Geneva.

Where the discussions with the aforementioned contacts proved valuable, the occasion when the Director of Training of the Training Services Agency joined members of the GTC to discuss the 1977 Document proved a disaster. Those attending from Ocean included two main board members; Nicholas Barber, but recently returned from his secondment to the British Enterprise Board and the man earmarked to lead Ocean in the 1980s, together with other Ocean Directors. The opportunity to engage in a meaningful exchange of ideas on the practical issues of management development was nullified by the inappropriate performance of the man from the MSC. The outcome was to provide ammunition for those in Ocean who considered the MSC an unnecessary quango. The publication of the Policy and Activities of the Manpower Services Commission on Management Development in June 1978 was abruptly dismissed. There were those in Ocean who were fighting a rearguard action to preserve an outdated organizational culture. For them, as Handy⁷⁷ had warned, the role culture of the old Ocean put a premium on resourceful staff within an

autocratic system; new developmental approaches were considered to be an alien intrusion, and five years on the MDA had to counter a small cabal who found his initiatives for change unpalatable, preferring a status quo ante.

The Pocock Report of 1977 was of a different ilk; it corresponded with the policy recommendations on management development initiated by Ocean's project group in 1974. The 1977 report underlined the role of the management job as being "to integrate and optimise the application of the three types of resource - physical, financial and human." The EFMD committee led by Pocock forecasted a change of priorities for the future when they wrote: "... the basic problems confronting the corporation and its managers in the future are as likely to be social and political as economic and technological." Such was the prognosis for "The Future Environment" within which companies would have increasingly to recognise the impact that changing social values have on managerial behaviour. U.K. shipping companies were not among the front leaders of change. As Ocean's Deputy Chairman in 1977 (David Elder) had had a long association with Pocock during his career with Shell, he could not justifiably be as dismissive of the EFMD report as he had been of the MSC document. The future of management development in Ocean called for some response by the MDA in 'playing politics.'

The reader will wish to note the MDA's conspectus of management development at the commencement of and at the close of the action research study, *vide* Figure 29 on page 256. The change varied along a continuum with a move away from individual oriented development combined with central management focussed development (e.g. planning skills, appraisal skills) to decentralised management process development combined with flexible organization development, in which there was a significant devolution of responsibility and accountability to lower echelons of management. There was much in the Ocean scenario which still connoted with the Department of Employment's Survey on Management Training and Development (1971), but with an ingredient of increasing autonomy for unit businesses.

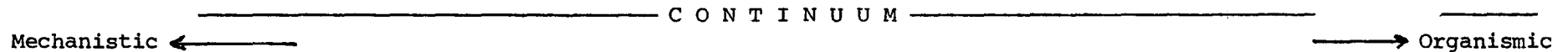
Ocean Management Development Process

1972

- Organizational Effectiveness - Structured
- Clearly delineated job descriptions with prescribed accountability
- Defined performance standards
- Centrally organized management development programmes
- Management development set within context of Group Management System and Structure

1980

- Unit Business effectiveness (a contingent response)
- Flexible job role - concordance within work teams
- Work team orientations in setting standards (emergence of quality circles)
- Unit businesses proactive in creating developmental activities consistent with Group needs
- Management Development as coalescence of unit business initiatives



A useful sounding board for Ocean was provided by a survey on: *Management Development - what to look for*, compiled by Basil Denning, David Hussey and Peter Newman of Harbridge House Europe in 1978.⁷⁸ The survey was based on a questionnaire completed by seven major service organizations and thirteen from the manufacturing sector; two of the service organizations were in the public sector. Ocean did not participate; the MDA was engaged at the time with a survey of management development in the U.K. shipping companies, *vide* chapter 12.

For the projection of management development into the 1980s, Ocean managers could derive benefit from a study of the reports by Nancy Foy on the *MISSING LINKS - British Management Education in the Eighties* (1978 and 1980).⁷⁹

A final reference to be noted was the work of the Durham-based team of David Ashton and Mark Easterby-Smith: *Management Development in the Organization*⁸⁰ (1979). A note on this book is at Appendix 58.

This chapter ends in the knowledge that in the early eighties the management development function will be bombarded by a range of development methods and techniques, maybe hundreds, not just a score or so. There could be real danger in involvement in a cavalcade of techniques that have little relevance to the reality of management, which must continue to focus on economic performance and not over-indulgence in 'management games', exciting maybe, but not automatically productive of managerial effectiveness.

The action research study closes with a short chapter on the inter-dependent processes of manpower planning, including career planning and organization development in Ocean, and some comment on the concluding stages of the action research study.

Having applied an interventionist approach across a wide spectrum of management development activities, one must assess the actions.

The research study was set within two time frames:

1. the expansionist period in Ocean from 1972 to 1976 when the management development role was executed within a traditional hierarchical management system, and
2. a period of rationalization of Ocean businesses from 1976 onwards.

During the first period the MDA was able to launch a number of new initiatives:

1. a broadening of career development activities commensurate with manpower planning, a key process which was to be integrated with strategic business planning from the mid-1970s onwards.
2. the introduction of a system which resulted in an effective conjunction between business planning and individual performance planning was accompanied by a results-oriented performance review - the Ocean Group Appraisal System of 1974. It signalled the beginning of a consultative style of management replacing the traditional benevolent-authoritarian style.

During the second period, the Ocean Group had to contend with major changes in the economic, social and political environment. Most significantly the last years of the decade saw Ocean reducing its involvement in shipping and moving into land-based industrial services. The central management system was changed, with an increasing devolution of responsibility to divisions. There were many opportunities to continue the interventionist role, but without the leverage from the centre, which had characterized the first period.

AA 1

OCEAN TRANSPORT & TRADING LIMITED
SALARIED STAFF ANNUAL ASSESSMENT

STRICTLY CONFIDENTIAL

Division

Period reviewed

Business/Activity

Surname

Location

Forenames

Name of Assessor

Mr/Mrs/Miss

Job title

Date of birth

Name of Assessor's
Line ManagerDate of appointment
to present post

Job title

Job grade

Is the job description up to date?

Summary of major changes, if any, in scope of job since the last review.

PERFORMANCE ASSESSMENT

Assessor's Comments (see notes paragraphs 12 to 15)

Performance Rating for period

Signature

Date

Job Holder's Comments

Signature

Date

Division

Name

Business/Activity

TRAINING AND DEVELOPMENT

Indicate training and development needs of job holder to improve performance in PRESENT or SIMILAR POSITIONS (See notes paragraph 16) and give suggested dates

What training and development, recommended earlier, has not been completed?

Comment by Line Manager on Assessment and Training

Signature

Date

Division:

Name:

Business/Activity:

Grade:

POTENTIAL REVIEW

(See notes paragraphs 17-19)

If you judge promotion to be unlikely, please state the reason:

Where previous reviews have indicated that promotion is unlikely and re-assessment is not required, please indicate with a tick in the space below:

No promotion foreseen	
-----------------------	--

When reporting on those with potential for promotion, please indicate the type of job and nature of work according to your evaluation of the time scale:

Time Scale	Type of job and Nature of Work
Now Within 2 years Within 3 to 5 years Eventually	

Development and Training proposed, if any, with timing:

Comment by Line Manager:

Signature:

Date:

Recommendations noted by Personnel Department

Signature:

Date:

Schools of Thought on Learning Theory

<i>School of Thought</i>	<i>Model of Man</i>	<i>Metaphor</i>	<i>Learning Principles</i>	<i>Application Examples</i>
1. CONDITIONING	Habit system	Telephone exchange	Reinforcement; Over-learning; Practice; Feedback	Programmed learning; Language laboratories; Educational technology; Rote learning
2. TRAIT MODIFICATION	Set of characteristics	Tool kit	Fixed and learnable attributes	Profiles; Training needs by subtraction
(a) Transfer	Information store	Library or filing system	Organizing, Sequencing; Referencing; Relating to existing bodies and areas of knowledge	Syllabus based programmes; Professional training (in part)
3. INFORMATION THEORY				
(b) Cybernetic	Information processing/decision-making mechanism	Complex computer	Feedback - clear, quick; Structured experiment; Trial and error; Re-programming	Simulations
4. COGNITIVE	Experiencing person	Personal map	Assimilation and accommodation; Attention; Reflection; Insight; Self-awareness	Sharing experience strategies - e.g. syndicate discussion

Continued overleaf

Schools of Thought on Learning Theory

<i>School of Thought</i>	<i>Model of Man</i>	<i>Metaphor</i>	<i>Learning Principles</i>	<i>Application Examples</i>
5. EXPERIENTIAL	'Whole person'	Like us	Autonomy; Self-actualization; Learning - a natural growth process; Removal of barriers	Encounter/T group; Structured exercises; Learning community
6. SOCIAL INFLUENCE	Person as a socially-defined entity	Like role - rights and obligations	Compliance; Identification; Internalization; (from Kelman)	Induction processes
7. PRAGMATIC	<hr/> Combination of the above and unselfconscious common sense			Assignments; Apprenticeships; Project groups; Counselling; Action learning

John Burgoyne

MANAGEMENT TRAINING PROCESS

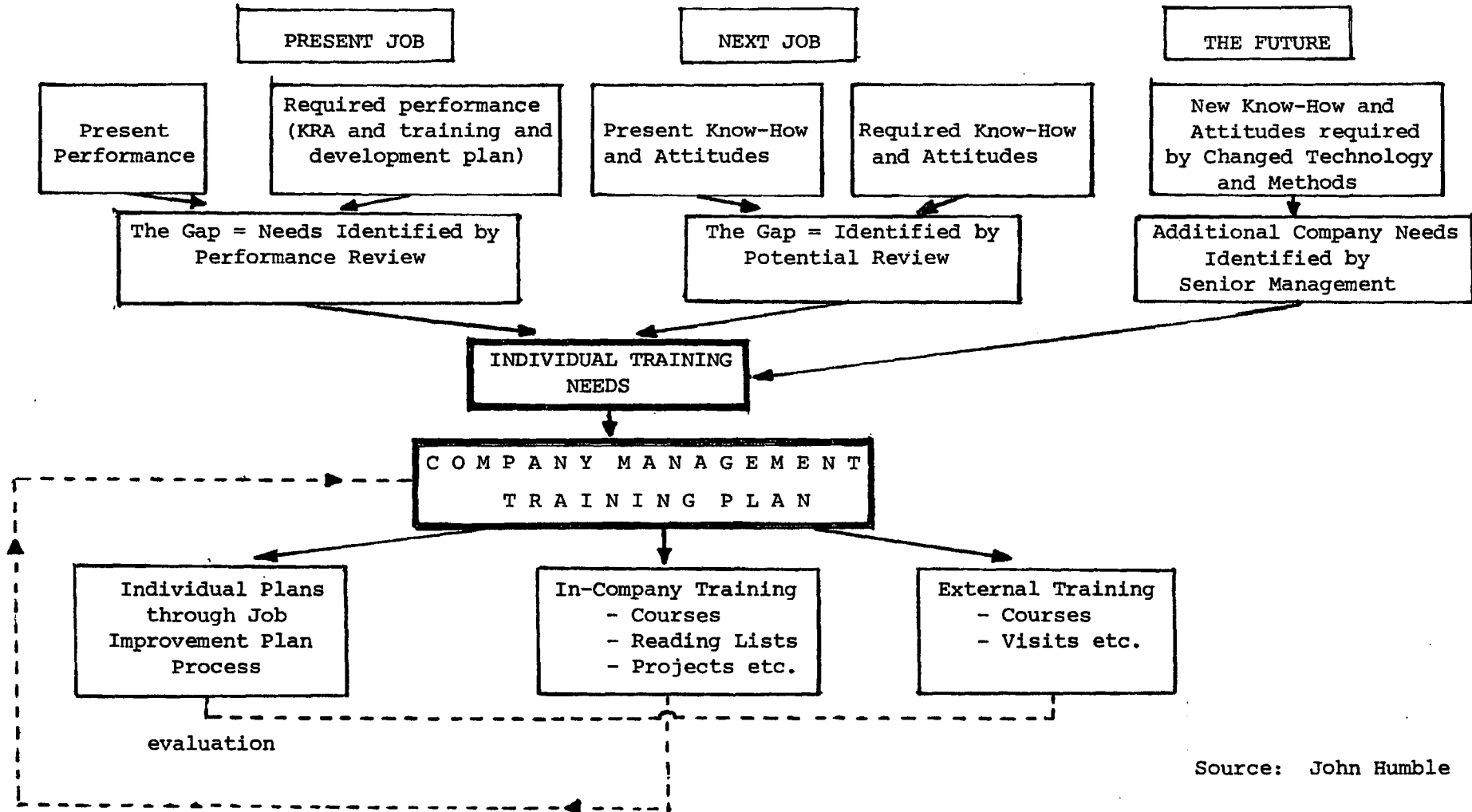


Figure 18

Source: John Humble

References

1. John Humble: Improving Business Results
(Exhibit 13 page 95)
(McGraw-Hill 1967)
2. A.T.M. Wilson: Aspects of Management Development and Training
(BACIE Journal Vol. 15 No. 3 1961)
3. Lord Franks: British Business Schools
(British Institute of Management 1963)
4. Central Training Council (Ministry of Labour)
An approach to the Training and Development of Managers
(HMSO October 1967)
5. *ibid* paragraphs 21-24 pages 8 and 9
6. Central Training Council (Department of Employment and Productivity)
Training and Development of Managers:
Further Proposals (HMSO 1969)
7. A.T.M. Wilson: Some Sociological Aspects of Systematic Management
Development
(Journal of Management Studies Vol. 3 No. 1 1966)
8. John Lockwood: Management development by objectives
(Management Decision Vol. 1 No. 3 1967)
9. D. Mosley (Professor University of Alabama):
A tailored approach to management development
(Management Decision Vol. 4 No. 1 1970)
10. Department of Employment - Survey Unit:
Survey on Management Training and Development
(HMSO 1971)
11. Training Services Agency (MSC): A Discussion Document on
Management Development
(TSA January 1977)

12. Alistair Mant: The Experienced Manager - a major resource
(BIM 1969)
13. BIM: Proceedings of Management Education Review:
Management Education in the 1970s
(BIM 1970)
14. BIM: Report on Business School Programmes - the requirements
of British manufacturing industry
(BIM 1971)
15. NEDO: First Report on the Supply of Teachers for Management Education
(NEDO 1970)
16. NEDO: Second Report on the Supply of Teachers for Management Education
(NEDO 1972)
17. NEDO: Management Education in the 1970s - the Rose Report
(NEDO 1970)
18. C. Margerison and D. Ashton: Planning for Human Resources
(Longman 1974)
19. Rensis Likert: The Human Organization
(McGraw-Hill 1967)
20. Ashton - *op. cit.* page 71
21. Ashton - *op. cit.* page 72
22. Edwin J. Singer and John Ramsden: Human Resources - Obtaining
Results from People at Work
(McGraw-Hill 1972)
23. *ibid* page 72
24. A.T.M. Wilson: Management Education and Organizational Change
(MEAD Vol. 1 Part 1 1970)
25. Bernard Taylor (U.K.) and Gordon L. Lippitt: Management Development
and Training Handbook
(McGraw-Hill 1975)

26. Charles P. Bowen: Let's put realism into management development
(Harvard Business Review July/August 1973)
27. Hawdon Hague: Management Training for Real
(Institute of Personnel Management 1973)
28. Hawdon Hague: Executive Self Development
(Macmillan 1974)
29. John Morris and John Burgoyne: Developing Resourceful Managers
(Institute of Personnel Management)
30. T.P.G. Rogers and P. Williams: The Recruitment and Training of Graduates
(Institute of Personnel Management 1971)
31. R.W. Revans: The Management Apprentice
(Management International Review Vol. 8 No. 6 1968)
32. R.W. Evans: The Management Apprentice
(Management Decision - Winter 1967 MCB)
33. British Institute of Management: Management Education Review Conference
1970s: Papers by T.J. Roberts et al.
(BIM 1970)
34. R.W. Revans: Developing Effective Managers
(Longmans 1971)
35. William G. Dyer: Team Building: Issues and Alternatives
(Addison-Wesley 1977)
36. Iain Mangham: Building an effective work team
in M.L. and P.J. Berger (Editors): Group Training Techniques
(John Wiley/Gower Press 1972)
37. R. Meredith Belbin: Management Teams
(Heinemann 1971)
38. Mike Woodcock: Team Development Manual
(Gower Press 1979)
39. Jennefer M. Tobin: Report on the Management Content of Merchant
Navy Officers' Jobs
(General Council of British Shipping/M.N.T.B. and
Plymouth Polytechnic - Research Project 1974)

40. D.S. Markwell - *op. cit.*- reference 25
41. D.W. Gipson, J.M.G. Temple and J.L.C. Machin: Research into the
Potential for the Development of Management Applications of
the Expectations Approach - Report No. 4
(Durham University Business School, November 1974)
42. J.L.C. Machin: The Expectations Approach
(McGraw-Hill 1980)
43. Charles P. Bowen - *op. cit. supra* ref. 26
44. David Ashton and Peter Taylor: Current Practices and Issues in
Management Appraisal
(Management Decision - Vol. 12 No. 5 1974)
45. W.E. Beveridge: Attitudes to Appraisal in Three Work Organizations
(Management Education and Development Vol. 5 Part 2
August 1974)
46. Rex Adams: Performance Appraisal and Counselling
D.P. Torrington and D.F. Sutton (Eds.): Handbook of
Management Development
(Gower Press 1974)
47. Alan L. Patz: Performance appraisal: useful but still resisted
(Harvard Business Review May/June 1975)
48. W.J. Kearney: The value of behaviorally based performance appraisals
(Business Horizons Vol. 19 - June 1976)
49. Edgar Anstey, Clive Fletcher and James Walker: Staff Appraisal
and Development
(Allen and Unwin 1976)
50. Robert Parkinson: Recipe for a realistic appraisal system
(Personnel Management November 1977)
51. Deirdre Gill: Towards more open performance appraisal
(Personnel Management December 1977)

52. Deirdre Gill: Appraising performance: present trends and the
next decade Information Report
(Institute of Personnel Management 1977)
53. A.M. Stewart: The Identification of Management Potential
(Institute of Manpower Studies 1973)
54. Roger Holdsworth: Identifying Managerial Potential
(BIM Survey Report No. 27, 1975)
55. Andrew Stewart and Valerie Stewart: Cooperative Research Programme on
The Assessment of Potential - A survey of current practice
(IMS unpublished report 1976)
56. Edgar Anstey, Clive Fletcher and James Walker: *op. cit.* - *supra* 49
57. Andrew Stewart and Valerie Stewart: Tomorrow's Men To-Day
(Institute of Personnel Management
Institute of Manpower Studies 1976)
58. Ronald Wraith: Appraisal for Staff Development - A Public Sector Study
(Royal Institute of Public Administration 1975)
59. W.A.G. Braddick and P.J. Smith: The Design of Appraisal Systems
(Ashridge Management College 1977)
60. Valerie Stewart and Andrew Stewart: Practical Performance Appraisal
(Gower Press 1977)
61. Valerie Stewart and Andrew Stewart: Managing the Manager's Growth
(Gower Press 1978)
62. Charles Handy: Organizational Influences on Appraisal
(Industrial and Commercial Training Vol. 7 No.8 1975)
63. David Tuffield and Pat Terry: Another Look at Appraisal
(Industrial and Commercial Training)
64. Gordon H. Bower and Earnest R. Hilgard: Theories of Learning
(Prentice-Hall 1966/75)
65. Jerome S. Bruner et al: Studies in Cognitive Growth
(John Wiley 1966)

66. Ivor K. Davies: The Management of Learning
(McGraw-Hill 1971)
67. Charles Handy: *op. cit.*
68. R.B. Stanners and J. Patrick: The Psychology of Training
(Methuen 1975)
69. John Burgoyne: Management Learning Developments
(Industrial Society Journal)
70. Indrei Ratiu: Learning Theory Applied in Management Education -
A Case History
(Journal of European Industrial Training Vol.1 No.1
1977)
71. Association of Teachers of Managers' Seminars on:
New Developments in Management Development
(Abstracts in Industrial and Commercial Training
Vol. 12 No. 9 1980)
72. John Boydell: Experiential Learning
(Manchester Monograph No. 5 1974)
73. John Boydell: A Guide to Job Analysis
- : Identification of Training Needs (Second Edition)
(BACIE 1971 and 1976)
74. Manpower Services Commission: New Training Initiative
(MSC 1981)
75. Training Services Agency (MSC): A Discussion Document on Management
Development
(1977)
76. European Foundation for Management Development: Report on Educational
and Training Needs of European Managers
(1977)
77. Charles Handy: Pitfalls of Management Development
(Personnel Management - February 1974)

78. Basil Denning, David Hussey and Peter Newman: Management Development -
what to look for
(Harbridge House Europe 1978)
79. Nancy Foy: Missing Links - British Management Education in the Eighties
(Oxford Centre for Management Studies 1978 and 1986)
80. David Ashton and Mark Easterby-Smith: Management Development in
the Organization
(Macmillan 1979)

Additional Bibliography

The following are some of the texts included in the desk research for Chapter 10.

- (i) C. Argyris: Management and Organizational Development
(McGraw-Hill 1971)
- (ii) Constance M. Bowen: Developing and training the supervisor
(Business Books 1974)
- (iii) J. Burgoyne and R. Stuart, Eds. : Management Development:
context and strategies
(Gower Press 1978)
- (iv) D. Casey and D. Pearce, Eds. : More than management development:
action learning at GEC
(Gower Press 1977)
- (v) M. Easterby-Smith, M. Braiden and D. Ashton: Auditing Management
Development
(Gower Press 1980)
- (vi) D. Frean: The Board and Management Development
(Business Books 1977)
- (vii) Ernest J. McCormick: Job Analysis in Methods and Applications
(AMACOM 1979)
- (viii) N. G. McNulty, Ed. : Management development programmes: the
world's best
(North-Holland Publishing Co. 1980)
- (ix) J.L. Machin: The Expectations Approach: Improving managerial
communication and performance
(McGraw-Hill 1980)
- (x) D.S. Markwell and T.J. Roberts: Organization of Management
Development Programmes
(Gower Press 1969)

- (xi) Rosemary Stewart: *Contrasts in Management*
(McGraw-Hill 1976)
- (xii) Robert E. Tannehill: *Motivation and Management Development*
(Butterworth & Co. 1970)
- (xiii) Max Taylor: *Coverdale on Management*
(Heinemann 1979)
- (xiv) Derek Torrington and David Sutton: *Handbook of Management Development*
(Gower Press 1973)
- (xv) M. Youngman, J.D. Monk, R. Oxtoby and J. Heywood:
Analysing Jobs
(Gower Press 1978)

Pamphlets and Periodicals

The principal journals used were:

1. European Training
 2. Industrial and Commercial Training
 3. Industrial Training International
- (note 1 and 3 merged to become):
4. Journal of European Industrial Training - from: 1977)
 5. Management Education and Development (MEAD)
 6. Training and Development Journal
 7. Human Resource Management
 8. Personnel Journal (U.S.A.)
 9. Personnel Management (IPM)
 10. Personnel Review (now MCB)
 11. Academy of Management Journal
 12. Human Relations
 13. Journal of Management Studies
 14. Employment Gazette
 15. Incomes Data Services (IDS) Reviews
 16. Management To-Day

PART SIX - TIME FRAME REFERENCEORGANIZATION DEVELOPMENT

This part of the action research study is catalogued under seven sub-titles within the ongoing time frame 1976-80.

1. Ocean and its environment

pp. 276-79 Employment and Social Legislation

pp. 279-80 Social Responsibility

2. Ocean's Management System and Structure

p. 281 1976 a revised manual of Group Policy
Papers to be available to wider
canvas of management

p. 286 new divisional structure in 1979

Appendices
4 and 4a

p. 287 dominant role of Ocean's top management
echelon

3. Framework of Organization Development

p. 281 Organization Development
part of a triad *vide*: Figure 17 p. 178

p. 283 Ocean's strategic manpower development set
within the Group's Organizational and
Management Style

p. 283 Group Personnel Division's Strategic Plan
1977-81

Appendix 61

p. 284 Strategic Plan 1978-82

Appendix 62

pp. 287-88 Organization Development
Fantasy or Reality?
Different schools of thought

p. 288 the organization development specialist
a 'tinker'

p. 292 interventions in organization development
meaningful and worthwhile

Appendix 65

4. Manpower Planning and Career Planning

- p. 281 manpower planning and career planning in Ocean enmeshed with changes in configuration of Ocean businesses Appendix 60
- pp. 281-82 new Career Planning unit set up
- pp. 282-83 manpower planning set out in key DEP Manpower Paper No. 1 1968 selected texts as used in Ocean

5. Participation

- p. 281 Policy Paper on Participation Appendix 59
- an enabling policy
- no mandated format for participative management

6. An Organization Development Programme

- p. 284 harmonising initiatives on consultative procedures and participative approaches in Ocean businesses
- pp. 284-85 the Ashridge Programme Appendix 63

7. Conceptual Theory and Practice

- pp. 287-93 relevance of U.K. and U.S.A. writers on organization development
- pp. 290-91 Warner Burke's six dimensions for the comparison between management development and organization development Appendix 64

PART SIXORGANIZATION DEVELOPMENTChapter 11 Change and Development in the Ocean Group 1976-80

The following pages examine some of the changes in the Ocean Group structure and the outcomes of developmental approaches towards a consultative style of management, during a period of uncertainty in the political, economic and social life of the U.K. in the second half of the 1970s. A new era was emerging in which technological change would be a major force in work organizations. U.K. companies had to manage in context with a tide of change, in which all aspects of P - E - S - T (political, economic, social and technological) would interplay in shaping the beginnings of the post-industrial economy.

But a few of the impacting forces can be considered, as these influenced, and, in some instances, mandated organization development in the Ocean Group, as elsewhere.

Ocean was not immune to the embattled struggle between management and trade unions which coloured the whole decade of the 1970s. This is not the place to engage in dialectic about the pros and cons of the corporatist state versus the free-market economy. The militancy of the national union of seamen did concern Ocean; the union was but a part of an orchestrated attempt by trade unions to arrogate to themselves the dominant role, in the direction of the U.K. economy. The Ocean Group was particularly concerned about the Bullock Committee's proposals on industrial democracy. Alexander wrote, in March 1977, in his review of 1976:

"The publication of the Bullock Committee's Report¹ has brought no comfort to us. It is not concerned with democracy or even participation, but with power and control, seemingly in the interests of trade unions. All other interests, whether of shareholders, non-unionised employees, customers, suppliers, the community at large and even the international competitiveness of our traders, appear to have been subordinated ..."

The top management of Ocean were in no sense anti-trade unions, but there was hostility to an attempt to super-impose a new form of top-down management with a significant element of workers' control. The author had to structure his interventions for organization development in congruence with a deeply held managerial philosophy within which participation, as a process of involvement in decision-making, began at the workplace and not in the Board room. The MDA had no quarrel with this dictum, though his general support for a role for trade unions in the management of business enterprises pointed to a difference in attitude compared with some members of Ocean's top management. The MDA was not sympathetic to the way in which the militant unions aimed to establish what Robert Taylor, then Labour Correspondent of The Observer, described as *The Fifth Estate*.² There was a number of other attempts to examine the role of trade unions, one by Stephen Milligan on: *The New Barons - Union Power in the 1970s*³ was discussed in Ocean seminars, along with an earlier work by W.W. Daniel and Neil McIntosh on: *The Right to Manage? - A study of leadership and reform in employee relations*,⁴ and a work by John Elliott, of the Financial Times on *Conflict or Cooperation - The Growth of Industrial Democracy*.⁵ As this research study was being completed, an authoritative study of the relations between the State and Trade Unions was published; its authors were Dennis Barnes, formerly Permanent Secretary of the Department of Employment, and Eileen Reid, under the auspices of the Policy Studies Institute. Their book : *Governments and Trade Unions - the British Experience 1964-79*⁶ (1980) was to profile a significant part of the environment, within which Ocean businesses were managed in the 1970s.

A detailed examination of the impacting forces on Ocean lies outwith the present study, but the reader is asked to accept that organization development was closely attuned to changes in the external environment.

Also outwith in-depth examination in this text was the nature and impact of conflict in the workplace. Many sectors of Ocean's businesses were adjusting to new dimensions of 'Conflict Management.' There had been particular interest in the BBC's 1971 programmes on *Conflict at Work - Reshaping Industrial Relations*⁷, which, in 1975, provided background for Ocean seminars. Another work, much used, was by Rensis Likert and Jane Gibson Likert on: *New Ways of Managing Conflict*.⁸ (1976).

The second most important environmental force was social, both within and outwith the workplace. Ocean fully acknowledged the impact of new social policies and the emergence of a social milieu which was no longer one in which the company held its employees within a 'captive' environment. One could still speak of an 'Ocean man', but with the diversification into new businesses through the 1970s the Group was to lose some of the 'company-image' which had greatly influenced Alexander and his contemporaries. The most obvious change was the disappearance of the 'Blue Funnel' image, which had dominated until the late 1970s.

As for social policy, and its connotations with economic policy, the 1970s had seen major changes in employment law, embracing employee protection. Individual rights were mandated through the contract of employment, particulars of terms of employment, termination of employment, maternity leave, sex discrimination, equal pay, racial discrimination and improved provisions for disabled persons. Of signal importance was the extension, beyond existing common law protection, of a new form of employee protection, covering unfair dismissal and redundancy. The latter had been the subject of much research, some going back twenty years, by Rosemary Stewart⁹ and others. By the end of the 1970s, redundancy problems had created a social malaise, which was to lead to serious imbalance in the nation's social-economic well-being. For those in employment, the Social Security Pensions Act of 1975 meant a new form of security in retirement.

Of the other major enactments of the 1970s, the Health and Safety at Work etc. Act 1974, both improved and consolidated the provisions for securing the health, safety and welfare of persons at work, as well as protecting others (e.g. communities living near to dangerous chemical plants). The 1977 Regulations on Safety Representatives and Safety Committees, which came into force in October 1978, not only gave employees prescriptive rights in the exercise of health and safety provisions, but it marked an important step forward in participative management. Ten years on, the regulations may well be seen as among the most important aspects in the whole spectrum of employment legislation and participative management.

The above brief overview of the impact of employment and social law is included to illustrate that Ocean, along with other U.K. companies, was having to respond to forces in the external environment, which were to lead to a new pattern of organization behaviour. This was to have an impact on the course of organization development, as did the activities of the Group in keeping in step with the moves towards social responsibility which was a key element in the Group's corporate ethos. One can recall the establishment of the Foundation for Business Responsibilities, in the early 1970s, as the medium for a series of presentations on 'The Company and its Responsibilities.' Other bodies such as the Confederation of British Industry published a report on *The responsibilities of the British public company* (1973)¹⁰ and the British Institute of Management published its findings on *The British Public Company - its role, responsibilities and accountability*¹¹ (1974) under the chairmanship of Sir Val Duncan, then Chairman and Chief Executive of Rio Tinto Zinc Corporation. A survey report by J. Melrose-Woodman and I. Kverndal on the theme: *Towards Social Responsibility in Company codes of ethics and practice*¹² was published in 1976. All the above had a significant influence on the way the MDA aimed to initiate interventions in organization development. The politically motivated critics who

dismissed company strategies for social responsibility as mere expediency to counteract moves towards industrial democracy, failed to recognise there had been some significant changes in the behaviour of U.K. industrial and commercial organizations. Managers in Ocean, as in other companies, were concerned to understand and to enhance their employees' quality of working life. The volumes under the same title edited by Louis E. Davis, Albert B. Cherns and Associates¹³ had reached a wide audience in Ocean. There was a positive approach to understanding some of the social factors of work organizations. Two studies widely used in Ocean were Michael Argyle's: *The Social Psychology of Work*¹⁴ (1972) and the earlier work by Arnold S. Tannenbaum: *Social Psychology of the Work Organization*¹⁵ (1966). It was not a case of some tidal wave that would recede, but of a climacteric which would have a lasting influence on organizations, Ocean included.

Apart from social change, companies were having to contend with new accounting systems and the increasing impact of information technology. The future time horizons for both lay beyond the period of this study, but Ocean had begun to formulate policies relating to both in the late 1970s.

What was not foreseen as a predictable event was the effect on U.K. shipping of a volatile international trading situation and surplus cargo liner tonnage in the last two years of the decade. The problem was exacerbated by the doubling of oil prices in 1979, and there were other uncertainties: economic and industrial instability in the U.K. economy; violent currency and exchange rate upheavals, and the ever present threat of international conflict between the World super-powers.

Peter Drucker's 1980 book: *Managing in Turbulent Times* struck a chord for Ocean at the end of a decade, but notwithstanding an unstable environment, there had been some interesting outcomes from the MDA's interventions, through relative calm and turbulence.

The Ocean approach to organization development formed part of a triad, in which management development, manpower planning and organization development were closely interwoven, as illustrated in Figure 17 on page 178 and as defined on pages 176 and 179.

Manpower planning and career planning were closely enmeshed with changes in the configuration of Ocean's businesses. The significant dates were 1976 and 1979. By 1976 the divestment of a number of small businesses and selling-off minority shareholdings had been completed and this allowed for the remaining activities of Ocean Mercantile Investments to be absorbed into an enlarged Ocean Cory Limited. A Ship Procurement Division had been established and apart from third party activity for other shipping companies, its principal concern was with the building and chartering of Ocean's liquid natural gas carrier (LNG), one of two ships of advanced technology design being built at St Nazaire for trading between Indonesia and California under charter to Pacific Indonesia LNG Co.

In India Buildings a separate Legal Department had been set up.

In May 1976 a revised edition of the Manual on Ocean's Management System and Structure was issued. It marked the combination of much debate on the inclusion in the manual of Group Policy Papers. They were included as Part III and thus featured a significant advance in the Group's adoption of a more open system of management. The culture and style of Ocean was moving away from a benevolent autocracy to a truly consultative style. A year later a Policy Paper was issued on Employee Participation, signalling a new pattern of organizational behaviour. A copy of the paper is at Appendix 59; it will be noted this was an enabling policy, not a mandate.

As part of the revised structure a separate unit had been set up within the Group Personnel Division headed by a Career Development Planner. His principal role was to plan and administer a system of succession planning for staff in post at Grades 14 and above, these being managers in the upper levels

of middle management and senior managers. The career development of such staff continued to be a responsibility of the MDA, and for him a key role was to prevent any distortion in the interactive processes of manpower planning and management development.

Manpower Planning had figured as a major element in national economic planning in the 1960s but of more interest to individual enterprises was the publication of the Department of Employment and Productivity, Manpower Research Unit's Paper No. 1 on Company Manpower Planning¹⁷ in 1968. It signalled that business organizations would benefit from effective manpower planning, and it did much to stimulate the MDA to press for the inclusion of this aspect of resource planning in Ocean; he succeeded in 1975 when manpower planning was integrated with strategic business planning. Some of the MDA's papers relating to career and manpower planning are included at Appendix 60.

The 1974 edition of the Manpower Paper No. 1 included a valuable selected bibliography on Enterprise Manpower Planning and Forecasting with a first section on Corporate Business and Manpower Planning. It will come as no surprise to the reader of this research study that the 1974 Manpower Paper featured in many discussions within the Group. Prior to the 1968 Paper, the Institute of Personnel Management had published two useful booklets, one by Daniel H. Gray on *Manpower Planning - An approach to the problem*¹⁸ (1966) and An Edinburgh Group Report on *Perspectives in Manpower Planning*¹⁹ (1967). The mid-sixties onwards showed enterprises being more interested in manpower planning as a key aspect of corporate strategy. An early conceptual analysis of the subject was contained in a book by Gordon McBeath: *Organization and Manpower Planning*²⁰ (1966). 1971 saw two valuable publications, the first by Gareth Stainer on *Manpower Planning - The Management of Human Resources*²¹ was made essential reading for Ocean's personnel executives. The other, edited by

D.J. Bartholomew and B.R. Morris for the Manpower Society on *Aspects of Manpower Planning*²² contained a contribution germane to Ocean by A. Perlberg and G. Shaal, being an inter-disciplinary study of the Israeli Merchant Service under the title: *The Recruitment, Development and Utilisation of Manpower in Israel's Merchant Marine*.²³ There was also a contribution for Ocean examination, as for others, from the MDA's mentor: A.T.M. Wilson on *Considerations Affecting the Design of a New Establishment*.²⁴ An excellent desk reference for Ocean's managers was the book by Angela Bowey: *A Guide to Manpower Planning*²⁵ (1974). Two other texts were written by: John Bramham: *Practical Manpower Planning*²⁶ and James J. Lynch: *Making Manpower Effective - Part I* 1968 and *A Manpower Development System - Part II* (1971).²⁷ The latter's article on *The Human Side of Planning*²⁸ (1974) was a timely input for the management development programme on Problem Solving and Managing People at Sundridge Park Management Centre from 1974 to the end of 1976.

The reader will wish to note that the MDA regarded the work done on manpower planning as among his major contributions, in effecting an integrative approach to managing resources: human, financial and physical. It had much to do with predicating the MDA's submission of 1975 on Strategic Management Development (*vide*: Appendix 38) in which Ocean's Manpower Development Policy was related to the Group's Organizational and Management Style and Management Development. It was an attempt to lay the keel for a more dynamic response to the management of human resources. Action was delayed until the acceptance, in October 1976, by the Executive Committee of the Group Personnel Division Strategic Plan for 1977-81. This plan encapsulated the mainstream goals of the MDA in the way he envisaged developments in the management of people, within the working environment of Ocean's businesses. It was both a conceptual analysis of the role of a key staff division of central management and, at the same time, a plan of action

for Ocean as a 'responsible employer.' The latter embraced aspects of organization behaviour change. Main extracts from the strategic plan are at Appendix 61. Less expansive in its treatment was the Strategic Plan for 1978-82, but it was of equal importance in putting in context much of what lies at the heart of this action research study. Extracts of the plan will be found at Appendix 62.

Forming part of the MDA's contribution to the implementation of the strategic plan of 1977-81 was the launch, in conjunction with Ashridge Management College, of a development programme for senior managers. Some had not attended any Ocean programme since the strategic planning course of 1973, some were recent appointees to Ocean. There were a few who had attended executive programmes at Business Schools; they were asked to contribute to the Ashridge programmes as syndicate leaders.

Ashridge was chosen for its wealth of talent among its academic staff and, most importantly, because of the style of management of its Principal, Philip Sadler. The environment of the College was conducive to pleasant but rigorous discussion. Its historical antecedents as a monastic foundation had a fascination for the MDA; it was hoped the tradition of learning established by the monks would transfer over to Ocean's managers.

The Ashridge course was planned to facilitate the establishment, in all Ocean businesses, of sound procedures for consultation and to provide a forum for discussion on participative approaches to management. The programme derived directly from Ocean's memorandum of March 1976 to the Bullock Committee. But there was opposition by many unit general managers to any plan, which could delimit their role in determining consultative practices and in deciding on the scope of disclosure of information. Within OCD the notes of dissension were heard at top management level. There was evidence of some for whom veracity was not at a premium, as they were presenting 'the MDA's plan' to impose a mandate on styles of participative management. The antithesis was the truth. It pointed to a fundamental conflict

ideas on how best to facilitate managerial change, and hence organization development.

The link with Ashridge was one in a chain of initiatives in the MDA's action research programme. It was, during the last part of the 1970s, a case of 'engineering' interventions without the help of a project group and with little pro-active response from the Group Training Committee. There were similarities in the role of the MDA, as performed at the end of his research study, with the way in which Furness-Withy's Group Personnel Planning Executive exercised his role, by having to sell his ideas to top managers, without the umbrella of a Group mandate. However, this did not mean there was no clear and explicit Furness-Withy Personnel Development Policy, enunciated by the Group's Managing Director, as will be explained in the last chapter.

We revert to the syndrome on the Ashridge programme. During the first half of 1976 Cory businesses had been incorporating consultative procedures and disclosure of information in their managerial approaches to management-employee participation. Central Management were aware of, but had not been informed adequately about the way Cory senior managers were charting and developing their own approaches. The responsibility for resolving incipient conflict was passed to the MDA under remit from the GTC. From the initial discussions with Philip Sadler, Principal of Ashridge Management College in August 1976, followed by further discussions with College Staff and senior management in Ocean, a consensus was reached, on launching a Group programme at Ashridge in April 1978. Copies of relevant documents are at Appendix 63; they provide good case study material.

The key interest for this research study centred on the way Ocean businesses were moving at a different pace in organization development. It was the newer businesses which were now the pace-setters in organizational change, whereas the mature shipping businesses were being slowed down by world-wide recession in sea transportation, and, consequently, having to temper their responses to participative management more in line with economic pressures than social ones. It is true that Ocean Liverpool-based divisions had combined in the establishment of a Staff Consultative Committee in 1976. This body did not, however, represent a constructive response to participation in operational management. It was not until the integration of the Liverpool-based four marine divisions into one Marine Division, firstly under W.N. Menzies-Wilson and, later, C.D. Lenox-Conyngham, in March 1979, that one could anticipate some meaningful response to participative management. Whilst one of the former divisions: Blue Funnel Bulkships was incorporated into the new division, it effectively marked the end of Blue Funnel domination in Ocean shipping. At the same time as marine divisions were integrated, a reorganization of Ocean Cory Division, which embraced the Group's land-based activities, was carried through. Cory was sub-divided into six units: Distribution; Trading-- (Solid Fuel; Henry Long and Freight Services-- Repcon and McGregor Cory Haulage); Forwarding; Air Freight; River and Towage plus Agencies. The new structures are featured in Appendices 4 and 4a.

There were certainly significant organizational changes at the end of this research study, which greatly altered the Group as structured in 1972. That the changes could also be reflected in major organizational development initiatives begs the question: what is organizational development?

If one takes but one example of secondary source material, the Harvard Business Review reprints of articles published from 1958 to 1976 covered four volumes, with a very wide canvas of interpretations related to

organization development. But only one article in the four volumes featured in discussions with colleagues; it was by Chris Argyris: *The CEO's behavior: key to organizational development*²⁸ (1973). It prompted the MDA to set organization development in Ocean within the boundaries of an explicit definition as set out in the previous chapter as:

"... embracing the *planned* and *instrumented* way in which Ocean aims to change the culture, systems and behaviour patterns which reflect the Group at work. The aim is to improve managerial effectiveness, through effective decision-making and the corresponding execution of managerial work."

Much was achieved between 1974-1980 to change the culture, systems and behaviour patterns of Ocean managers. But the leadership style of the man at the top remained at the end of the 1970s much as one had known it to be in 1972: brilliant, decisive and autocratic. However, Argyris' proposition that leadership style must change in context with a new management system or it will fail, was not proven. What the Chairman did not say, when he retired in 1980, was that the 'big' decisions were no longer being taken, by six or eight people at the top. He said only that "real decisions were being made successfully by hundreds of people throughout the Group all over the world." It was heartening to read such words; they were an indirect compliment to those who had been involved in fashioning and implementing change. But, it would be true to say that Ocean's top echelon in the late 1970s remained wedded to top management's prerogative to make the major decisions; thus it typified what Tom Lupton²⁹ had described as "top-down" management. The point is emphasised in the Chairman's Report for 1976, as quoted on page 276.

One is reminded of an interesting interpretation by Leslie This writing in 1969 on *Organization Development - Fantasy or Reality?*³⁰. This outlines five schools of thought where different definitions of "organization development" emerge. One of these is using OD (the shorthand

form) in the context of organization developing from simple to complex forms, as used by Blau and Scott ³¹ (1962). A fifth school equates OD with being concerned, says This: not only with the organization's human resources - but the non-human resources and factors as well." Some exponents coined another term for this school: "organization renewal," the book with this title by Gordon L. Lippitt: *Organization Renewal* ³² (1969) became well-known in the United Kingdom. Lippitt's sub-title was 'Achieving Viability in a Changing World' and this pointed to the MDA's strategic goal for organization development in Ocean. It would be wrong to suggest one lay contentedly at anchor within the harbour of Lippitt et al; it was a case, to borrow Iain Mangham's ³³ metaphor, of playing tinker. Like the tinker, one had to be prepared to make some unprofessional (the better term is unsophisticated) interventions in organization change, whilst operating in Ocean. The MDA is not certain that he had evinced Mangham's idea of the tinker as "slightly disreputable and plausible enough ... on the fringes of respectable society." That the role can excite both envy and hostility in equal measure the MDA would agree.

But, the reader will ask what had happened to the author's euphoria about the series of short works on Organization Development, published by Addison-Wesley in 1969? Only four will be referred to here. Three were by the original editors: Edgar H. Schein, Richard Beckhard and Warren G. Bennis, and the fourth by Paul R. Lawrence and Jay W. Lorsch. Schein had certainly pointed the way ahead for the MDA in his short book: *Process Consultation - its role in organization development* ³⁵ (1969). The most useful section was Part 2 Intervention, which provided a recipe for the MDA's approach, as otherwise allied to Argyris': Intervention Theory and Method. ³⁶

It was Warren Bennis ³⁷ who attempted some date-fixing for OD, claiming its birth at Massachusetts Institute of Technology (MIT) in 1959. Mangham

takes us much further back to Petronius Arbiter (210 B.C.).³⁸ One need not argue the birthright here, but acknowledge that as with 'team building' the genesis lay much further back in time than the 'self-emulating' authors on OD from the U.S.A. would have us believe, whether at MIT or some mattress of straw on which some OD guru proselytized his spiritual charm. In cold logic Bennis was stating some general truths when he set out three basic propositions:

1. every age develops an organizational form most appropriate to the genius of that age (Bowen would have simplified the phrase!)
2. the only viable way to change organizations is to change their "culture" that is to change the systems within which people work and live, and
3. a new *social awareness* is required by people in organizations along with its spiritual ancestor - *self-awareness*.

Within the contextual framework of Ocean one could identify these factors, as well as subscribing in general terms to the definition Bennis provides for *Organization development* (OD) as being:

"... a response to change, a complex educational strategy intended to change the beliefs, attitudes, values and structure of organizations, so that they can better adapt to new technologies, markets and challenges ..."

Whilst Lawrence and Lorsch add nothing to their earlier works, they do provide a clear and helpful exposition of the meaning of organizations and most useful is their analysis of organizational - developmental interfaces:

organization - and - environment group - to - group
 individual - and - organization person - to - person

For them a broad definition, which was attuned to Ocean's approach, was that *organization development* is concerned with:

" ... ways to change the organization from its current state to a better-developed state."

One found no difficulty in harnessing this concept to Ocean's approach of interlocking management development and organization development. Both could be interwoven with business, strategy, structure and the processes by which resources could be managed effectively. There was no concentration on the socio-psychological aspects within the role system, *per se*, but, as previously stated in this research study, the action research was based on a holistic approach, in which managerial effectiveness derived from a dynamic interface between strategic and operational business planning and individual performance planning. Managerial action was predicated on a conjunction between organizational and people goals. It was in context with the latter that the MDA located a most helpful comparison of management development and organization development by W. Warner Burke ³⁸ writing in 1971 in the journal *Applied Behavioral Science*. Burke's interpretations had underpinned much of the MDA's interventions in what was considered by Burke as a *sine qua non*: that they were part of a planned effort at changing the organization's culture. Burke defined OD as:

"a planned process of cultural change, the process consisting of two phases:

- (a) diagnosis
- (b) intervention. "

Burke set out six dimensions for the comparisons between management development and organization development, as they could both be considered critical for development strategies in the interventions for change in organizations. The six dimensions were:

- Reason for use
- Typical goals
- Interventions for Providing Change
- Time frame
- Staff Requirements
- Values

Each dimension and the six together provided an essentially pragmatic approach for application in Ocean. A tabular reproduction of the six dimensions is at Appendix 64.

The most useful and applicable of contemporary U.K. contributions to the understanding of OD was provided by Iain Mangham, firstly in a pragmatic exposition of the key aspects of organization development, in a BIM Management Guide to *Managing Change*.³⁹ Iain Mangham and his co-authors: D. Shaw and B. Wilson set out an integrated approach to organization development in a hierarchy of key aspects. The MDA observed that Mangham et al recognised that their linear model, as reproduced in Figure 30 on page 293, would not satisfy a dynamically interactive process under an open-systems management style. Nonetheless, the model for inter-relating the key aspects of OD provided, along with Burke's tabular comparison between management development and organization development, the basic inputs for OD interventions in Ocean. One advantage in freely applying Mangham's approaches in Ocean lay in his having had industrial experience in reputable organizations: he was in no sense a starry-eyed theorist. In 1978 he wrote the work on *Interactions and Interventions in Organizations*⁴⁰, a book in the John Wiley Series on Individuals, Groups and Organizations. Central to Mangham's action researches has been the process of interaction; he writes:

" The emphasis throughout is unashamedly upon persons, upon interpretations they place upon the circumstances in which they find themselves, and upon the performances they construct in the light of their interpretations."

One could aver that much of what Mangham examines in his book had been attempted in Ocean, through the interactive process of business planning and individual performance planning. The latter had been linked to the appraisal system, in essence a social interactive process. Mangham's book came late on the scene for the MDA's interventions, but there was no

hesitation in recommending the book to Ocean's top management and others in the social environment of the Group. Part III of the book, dealing with Interventions, provided a rich reservoir of ideas, not least the telling simile of the interventionist as the dramaturg. Mangham draws on a definition from 'Brecht on Theatre' written by J. Willet in 1964 in which a dramaturg is seen as "a permanent play-reader, playwright and literary odd-job man who is part of every German theatre." ⁴¹

Mangham writes:

"... every self-respecting organization should have its dramaturg, employed to tinker with and, occasionally, to help in the transformation of entire situational scripts."

As this research study is shortly to end, one can soon take one's leave and bow out a humble tinker!

Before taking one's final leave, the reader is asked to note, in the absence of a prologue, more extended than space could provide, that the action research, as it related to organization development, drew on many scripts; major works, journal articles and company schemes. All helped to make the 'performance' of the MDA in Ocean more meaningful, sweat on the brow maybe, but all worthwhile.

Some of the reading material used for the research study, but not referred to in the chapter, will be found in the references under, 'additional sources.'

hesitation in recommending the book to Ocean's top management and others in the social environment of the Group. Part III of the book, dealing with Interventions, provided a rich reservoir of ideas, not least the telling simile of the interventionist as the dramaturg. Mangham draws on a definition from 'Brecht on Theatre' written by J. Willet in 1964 in which a dramaturg is seen as "a permanent play-reader, playwright and literary odd-job man who is part of every German theatre." ⁴¹

Mangham writes:

"... every self-respecting organization should have its dramaturg, employed to tinker with and, occasionally, to help in the transformation of entire situational scripts."

As this research study is shortly to end, one can soon take one's leave and bow out a humble tinker!

Before taking one's final leave, the reader is asked to note, in the absence of a prologue, more extended than space could provide, that the action research, as it related to organization development, drew on many scripts; major works, journal articles and company schemes. All helped to make the 'performance' of the MDA in Ocean more meaningful, sweat on the brow maybe, but all worthwhile.

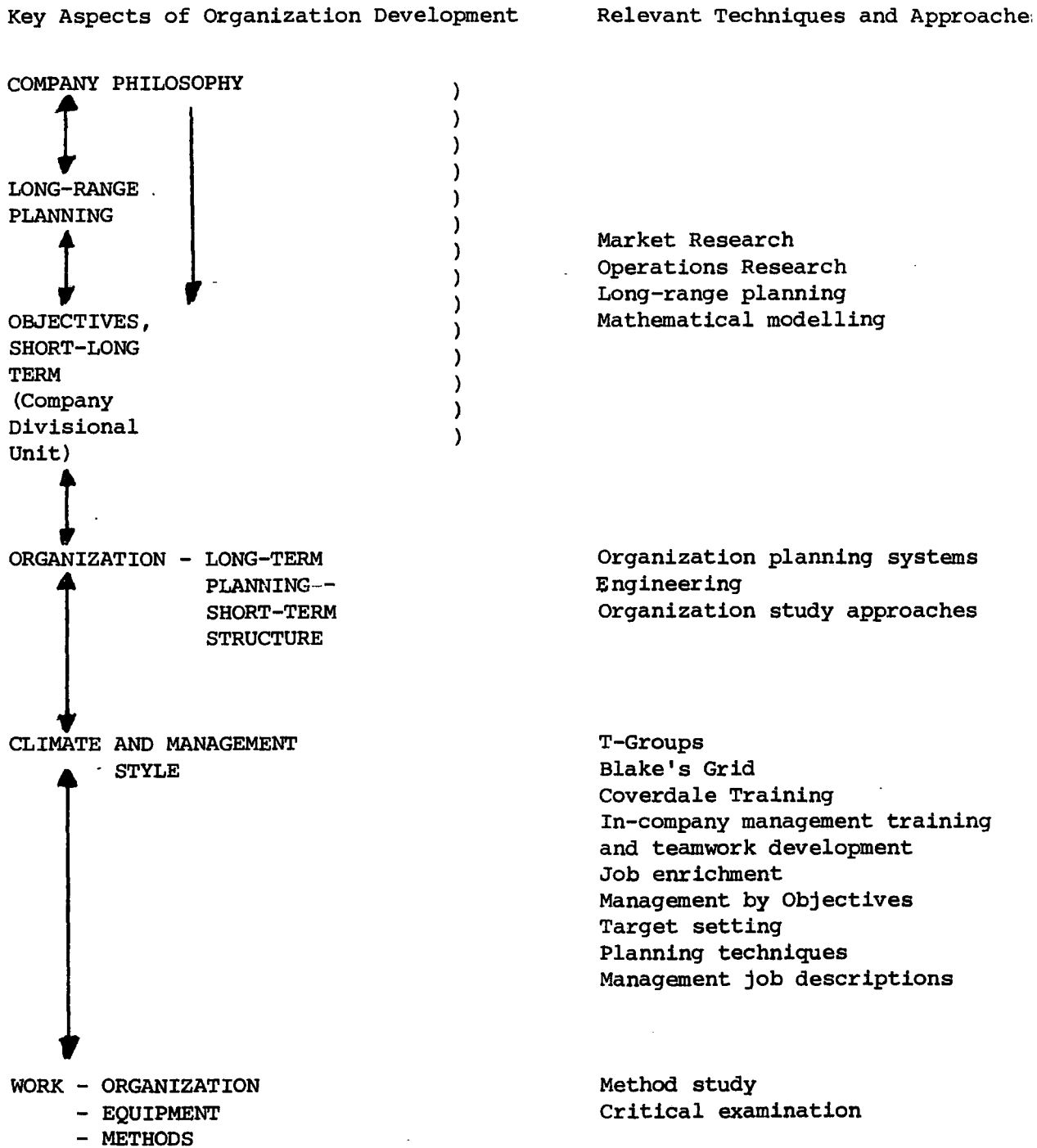
Some of the reading material used for the research study, but not referred to in the chapter, will be found in the references under, 'additional sources.'

From Argyris an exemplar of intervention theory and method, one can say this research study produced the challenge to develop empirical research in intervention activity. One can agree with Argyris when he says:

"intervention theory and method represent an important potential field of intellectual challenge, of professional excitement, and of possible help to our society"

Figure 30

Hierarchy of Key Aspects of Organization Development



Source: I.L. Mangham, D. Shaw and B. Wilson:
 Managing Change: A practical guide to
 organization development

Chapter 11

References

1. Report of the Committee of Inquiry on Industrial Democracy -
Bullock Report 1977
(HMSO January 1977)
2. Robert Taylor: The Fifth Estate - Britain's Unions in the Seventies
(Routledge & Kegan Paul 1978)
3. Stephen Milligan: The New Barons - Union Power in the 1970s
(Temple-Smith-London 1976)
4. W.W. Daniel and Neil McIntosh: The Right to Manage? - A study
of leadership and reform in employee relations
(PEP Report - Macdonald 1972)
5. John Elliott: Conflict or Cooperation - The Growth of
Industrial Democracy
(Kogan Page 1978)
6. Dennis Barnes and Eileen Reid: Government and Trade Unions -
the British Experience 1964-79
(PSI - Heinemann 1980)
7. B.B.C. - Conflict at Work - Reshaping Industrial Relations
(British Broadcasting Corporation 1971)
8. Rensis Likert and Jane Gibson Likert: New Ways of Managing Conflict
(McGraw-Hill 1976)
9. Rosemary Stewart: Redundancy: 1. A Survey of Problems and Practices
2. Three Studies on Redundant Workers
(Action Society Trust 1958)
10. Confederation of British Industry: The responsibilities of the
British public company
(CBI 1973)

11. British Institute of Management: The British Public Company -
Its role, responsibilities and accountability
(BIM Occasional Paper - New Series
OPN12 - 1974)
12. S. Melrose-Woodman and I. Kverndal: Towards Social Responsibility -
Company codes of ethics and practice
(BIM Management Survey Report No. 28 1976)
13. Louis E. Davis, Albert Cherns and Associates, Eds.:
The Quality of Working Life (2 Volumes)
(The Free Press 1975)
14. Michael Argyle: The Social Psychology of Work
(Allen Lane - Penguin Press 1972)
15. Arnold S. Tannenbaum: Social Psychology of the Work Organization
(Tavistock Publications 1967)
16. Peter F. Drucker: Managing in Turbulent Times
(Heinemann 1980)
17. Manpower Research Unit (DEP): Company Manpower Planning
(HMSO 1968)
18. Daniel H. Gray: Manpower Planning - An Approach to the problem
(Institute of Personnel Management)
19. Gareth Jones et al: The Edinburgh Group: Perspectives in Manpower
Planning
(Institute of Personnel Management 1967)
20. Gordon McBeath: Organization and Manpower Planning
(Business Books 1966)
21. Gareth Stainer: Manpower Planning - The Management of Human Resources
(Heinemann 1971)
22. D.J. Bartholomew and B.R. Morris: Aspects of Manpower Planning
(English Universities Press 1971)

23. *ibid*: A. Perlberg and G. Shaal: The Recruitment, Development and Utilisation of Manpower in Israel's Merchant Marine
24. *ibid*: A.T.M. Wilson: Considerations Affecting the Design of a New Establishment
25. Angela Bowey: A Guide to Manpower Planning
(Macmillan 1974)
26. John Bramham: Practical Manpower Planning
(Institute of Personnel Management)
27. James C. Lynch: Making Manpower Effective Part I
ibid: A Manpower Development System Part II
(Pan Books 1968 and 1971)
28. Chris Argyris: The CEO's behavior - key to organizational development
(Harvard Business Review March-April 1973)
29. Tom Lupton: Organizational Change: "Top Down" or "Bottom-Up" Management?
(Personnel Review - Volume 1 No. 1 Autumn 1971)
30. Leslie This: Organization Development - Fantasy or Reality?
(Industrial Training International August 1969)
31. Peter M. Blau and W. Richard Scott: Formal Organizations
(Chandler Publishing Co. 1962)
32. Gordon L. Lippitt: Organization Renewal
(Appleton-Century-Crofts 1969)
33. Iain L. Mangham: Interactions and Interventions in Organizations
(John Wiley & Sons 1978)
34. *ibid*: p. xiii
35. Edgar H. Schein: Process Consultation, its role in organization development
(Addison-Wesley 1969)

36. Chris Argyris: Intervention Theory and Method
(Addison-Wesley 1970)
37. Warren G. Bennis: Organization Development; Its Nature and
Development
(Addison-Wesley 1969)
38. W. Warner Burke: A Comparison of Management Development and
Organization Development
(Applied Behavioral Science Vol. 5 No. 5 (1971))
39. I.L. Mangham, D. Shaw and B. Wilson: Managing Change
(Management Guide No. 3 BIM 1971)
40. Iain L. Mangham: *op. cit.*
41. J. Willet: Brecht on Theatre
(Methuen 1964)

Other Source Material for the Action Research

The following were the general texts consulted; they are shown in date order of publication.

1. James G. March and Herbert Simon: Organizations
(John Wiley 1958)
2. Robert H. Guest: Organizational Change
(Tavistock Publications 1962)
3. Warren G. Bennis: Changing Organizations
(McGraw-Hill 1966)
4. A.J. Marrow, D.G. Bowers and S.E. Seashore: Management by Participation
(Harper & Row 1967)
5. P.J. Sadler and Bernard Barry: Organisational Development - Case
studies in the printing industry
(Longmans 1970)

6. Chris Argyris: Management and Organizational Development -
The Path from XA to XB
(McGraw-Hill 1971)
7. Clayton P. Alderfer: Existence, Relatedness and Growth in Human
Needs in Organizational settings
(Free Press 1972)
8. Peter A. Clark: Organizational Design -- Theory and Practice
(Tavistock Publications 1972)
9. Harry Levinson: Organizational Diagnosis
(Harvard U.P. 1972)
10. B.C. Lievegoed: The Developing Organization
(Tavistock Publications 1973)
11. Derek Newman: Organization Design - An analytical approach to the
structuring of organizations
(Edward Arnold 1973)
12. Douglas C. Basil and Curtis W. Cook: The Management of Change
(McGraw-Hill 1974)
13. Rosemary Stewart: Contrasts in Management
(McGraw-Hill 1976)
14. Charles E. Summer, Jeremiah J. O'Connell and Newman S. Peery Jr. :
The Managerial Mind
(Fourth Edition 1977)
15. Raymond E. Miles and Charles C. Snow: Organizational Strategy,
Structure, and Process
(McGraw-Hill 1978)

The following were some of the texts on organizational behaviour and organizational development, which provided inputs of ideas for the action research.

16. John P. Campbell, Marvin Dunnette, Edward E. Lawler III and Karl E. Weick: *Managerial Behaviour, Performance and Effectiveness* (McGraw-Hill 1970)
17. Newton Margulies and Anthony P. Raia: *Organizational Development - Values, Process, and Technology* (McGraw-Hill 1972)
18. Kenneth M. Wexley and Gary A. Yukl, Eds. : *Organizational Behavior and Industrial Psychology* (O.U.P. 1975)
19. W. Warner Burke, Ed. : *Current Issues and Strategies in Organization Development* (Human Sciences Press 1977)
20. Karl O. Magnusen: *Organizational Design Development and Behavior - A Situational View* (Scott, Foresman & Co. 1977)
21. Glenn H. Varney: *Organization Development for Managers* (Addison-Wesley 1977)
22. W. Warner Burke, Ed.: *The Cutting Edge: Current Theory and Practice in Organization Development* (University Associates 1978)
23. David Hampton, Charles E. Summer and Ross A. Webber: *Organizational Behavior and the Practice of Management* (Scott, Foresman & Co. - Third Edition 1978)
24. Wendell L. French and Cecil H. Bell, Jr. : *Organization Development - behavioral science interventions for organization improvement* (Prentice-Hall - Second Edition 1978)
25. Wendell L. French, Cecil H. Bell, Jr. and Robert A. Zawacki, Editors: *Organization Development - theory practice and research* (Business Publications 1978)

33. Training Services Agency (MSC): Report of the Inter Board Study
Group on Organisation Development
(Manpower Services Commission 1976)

Journal Articles

The following were found to be germane to the action research in Ocean; they are set out in date order.

34. Richard Beckhard: An organization improvement program in a decentralized organization
(Journal of Applied Behavioral Science
Volume 2 No.1 1966)
35. Sheldon A. Davis: An organic problem solving method of organizational change
(Journal of Applied Behavioral Science
Volume 3 No.1 1967)
36. John J. Morse and Jay W. Lorsch: Beyond Theory Y
(Harvard Business Review May/June 1970)
37. * Edgar F. Huse and Michael Beer: Eclectic approach to organizational development
(Harvard Business Review September/October 1971)
38. * Roger Harrison: Understanding your organization's character
(Harvard Business Review May/June 1972)
- * Author's note: these were seminal articles
39. William H. Gruber and John S. Niles: Put Innovation in the Organization Structure
(California Management Review
Volume XIX No. 4 Summer 1972)

40. Richard E. Endres: Successful Management of Change
(Personnel Administration/Public Personnel
Review, July/August 1972)
41. Craig C. Lundberg: Planning the Executive Development Program
(California Management Review
Volume XV No. 1 Fall 1972)
42. John J. Sherwood: An Introduction to Organization Development
(University Associates 1972)
43. Tom Lupton, Tom Clayton and Allan Warmington: Organizational
Development at Pilkington
(Personnel Review - Volume 3 No. 2 Spring 1974)
44. † Robert L. Kahn: Organizational Development: Some Problems and
Proposals
(Journal of Applied Behavioural Sciences
Volume 10 No. 4 1974)
- † Author's note: a most useful article
45. Andrew M. Pettigrew: The Influence Process between Specialists
and Executives
(Personnel Review - Volume 3 No. 1 Winter 1974)
46. H.S. Gill, M.J. Pedler and J.D. Shipton: Organization Development
and the Trade Unions
(Personnel Review - Volume 4 No. 2 Spring 1975)
47. Henry Mintzberg: The manager's job: folklore and fact
(Harvard Business Review - July/August 1975)
48. T.E. Stephenson: Organization Development: A Critique
(Journal of Management Studies October 1975)

49. Doug Bedingham: Organizational Development - A Practical Approach
(Journal of European Industrial Training
Volume 1 Number 6 1977)
50. Eric Frank and Charles Margerison: Training Methods and Organisation
Development
(Journal of European Industrial Training
Volume 2 Number 4 1978) -
51. X Derek Sheane: Organization Development in Action
(Journal of European Industrial Training -
Volume 2 November 8 1978)
- X Author's note: a main input for Ashridge programme)
52. Mark Alexander: Organization Development: Behavioural Science
Technology and Managerial Entrepreneurship
(Personnel Review Volume 7 No. 4 Autumn 1978)
53. Ezey M. Dar-El and Gedaliahu H. Harel: Organization Development through
OD - WIT - Rewards - An Integrated Approach
(Personnel Review Volume 8 No. 2 Spring 1979)
54. Charles Handy: The Shape of Organizations to Come
(Personnel Management June 1979)
55. Thomas H. Patten, Jr. : The Behavioral Science Roots of Organization
Development: An Integrated Perspective
(University Associates 1979)
-

The following articles were consulted following completion of the action research programme in Ocean, but they provided a sound basis of the work done in Ocean 1972-80

56. Warner Woodworth, Gordon Meyer and Norman Smallwood: Organization
Development: A Closer Scrutiny

(Human Relations Volume 35 No. 4 1982)

57. Julien R. Phillips: Managing People: lessons from the excellent
companies

(McKinsey Quarterly Autumn 1982)

(This article previewed the publication of the book by Thomas J. Peters
and Robert H. Waterman: In Search of Excellence: Lessons from
America's Best-Run Companies - Harper Row 1982)

Addendum

The following have prompted further research into conflict:

58. G.B.J. Bowers and R.B. Peterson, Eds.: Conflict Management and
Industrial Relations

(Kluwer-Nijhoff 1982)

59. L. David Brown: Managing Conflict at Organizational Interfaces

(Addison-Wesley 1982)

60. P.K. Edwards and Hugh Scullion: The Social Organization of
Industrial Conflict

(Basil Blackwell 1982)

Chapter 12An Interventionist's Epilogue

This chapter sets out some final soundings on the work carried out in Ocean from 1972 to the end of the decade. By 1980 the point had been reached when the MDA neither had to design maps: 'management action programmes' nor draw charts i.e. 'choose archetypes to signal' new voyages of intervention in the Ocean Group.

The action research study had not been undertaken to predict the course of future action, but rather to carry out some in-depth analyses of the policies and practices on management and organization development, as they unfolded in the panorama of managing Ocean businesses in the 1970s. What could not be predicted, at the outset of the action research programme, was that Ocean, along with other U.K. shipping companies, would have to contend with an ineluctable decline in its maritime activities, by the early 1980s.

What had been central to the action research was a study of two closely intertwined aspects of human resource management in a shipping company, which at the outset was concerned, principally, with marine activities, and then, through enlargement and acquisition, became a more diverse commercial enterprise, with an increasing proportion of non-marine activities.

By the early 1980s the outlook looked uncertain for Ocean; with a depressed world market for liner shipping. Stringent import controls in Nigeria, the main country involved with the United Kingdom West Africa Lines, (UKWAL) of which Elder Dempster Lines was the principal partner, made the future look even bleaker. It was clear Ocean would not maintain adequate earnings without an expansion of its non-marine activities. This pointed the way ahead, and, at the end of 1982, there was a glimmer of hope of some economic recovery in both the U.S.A. and the United Kingdom.

When writing his Illustrated English Social History, some forty years ago, G.M. Trevelyan opined:

"Social history might be defined negatively as the history of a people with the policies left out. It is ... difficult to leave out the policies from the history of any people ... " ¹

Equally, one argues one cannot write on the management and organization development in a business enterprise, without some reference to its socio-economic and political environment. Chapters 2 and 3 have provided a profile of the Ocean Group, its culture and management style at the beginning of the research study.

Included in Volume 2 (back pocket) is a booklet on Ocean in 1976, at the mid-point of this study. For subsequent years the author seeks the indulgence of the reader by referring, indirectly, to the Annual Reports and Accounts of Ocean Transport & Trading for 1977-81. Commenting on the outcome of 1980, the financial columnist in The Financial Times of March 31, 1981 suggested that "Ocean nearly recovers to 1977 level." Of 1977, Sir Lindsay Alexander had written, in April 1978: ²

"We are still largely a broadly based deepsea Shipping Company, strong in liner trades both directly and through OCL and with a relatively modest commitment to bulk trades. We can be assured that our liner interests are a sound, long-term investment which we can expect to yield satisfactory profits in future years as it has in the past. " ²

The outcome by 1980 was not to confirm Alexander's prediction. His review of 1979, set out in April 1980, included the statements:

"... our liner trades, so long the backbone of our business, had another difficult year."

"Last year I mentioned the increasing importance of land-based activities in the Group's portfolio." ³

It is always a chairman's prerogative to by-pass his previous predictions. What Alexander did not foresee was the rapid decline of liner trades in the following three years.

All this points clearly to the need for a management/organization development interventionist, to respond to the uncertainties in economic trends, no less than politico-social change.

Complementing the interventions in Ocean, the MDA carried out a comparative study of management and organization development in other U.K. shipping companies. This had been made easier by the MDA's membership of the Management Development Committee of the General Council of British Shipping. In two cases these were reciprocal arrangements for 'disclosure of information' on Ocean's performance planning and appraisal system. Comment that follows gives some insight into work being done in the respective companies, but deference to confidentiality precludes any specific details being included.

For the field research the MDA had prepared a questionnaire, covering nine aspects:

1. Organization and Scope of Activities
 2. Roles and Decisions
 3. Development and Training Activities
 4. Appraisal/Performance Assessment
 5. Manpower Planning
 6. Career Planning and Development
 7. Problems and Issues in management development
 8. External agencies
 9. Employee relationships
-
10. - this was the MDA's profile of the companies

The questionnaire is set out on pages 318-320.

Interchanges with P & Co's Group Personnel Director had started in 1974 and would have continued to the end of the decade but for the board room upheavals in P & O early in 1979, which saw the departure of A.B. (Sandy) Marshall; he had been Chief Executive since 1972. His role in management and organization development had been as telling as Ocean's top management. Marshall also had a strong link with London Business School, as a member of its Council; this could have been an added bonus for the MDA's field research. The link with P & O and the rapport one had developed with the Group Personnel Director had shown that both P & O and Ocean were charting similar interventions. But P & O's reliance on Harbridge House (Europe) to provide their initial comprehensive management development programme was not replicated in Ocean; though the same consultants had been used for the Ocean strategic planning courses in 1973/74, but not subsequently.

Interchanges with P & O personnel effectively terminated in March 1979. The Group Personnel Director finally quit along with Sandy Marshall. P & O's poor financial results for the year ending 31 December 1978 were followed by large scale redundancy, but the Chairman Lord Inchcape said in his statement of 2 May 1979:

"..... a business must be able to contract as well as expand, and to change its shape, in a changing world." 4

Economic stringency resulted in a severe cut-back in an otherwise expansive staff development and training programme.

The MDA had not been able to make any useful interchanges with British & Commonwealth Shipping Company, one of Ocean's partners in Overseas Containers Limited. The most useful interactions were with the Furness Withy Group, another partner in OCL and Ellerman Lines. Contact with the latter was a reciprocal arrangement following board room exchanges with Ocean on staff appraisals. Apart from a common partnership of Furness Withy in OCL, neither company had any joint activities with Ocean;

in the case of P & O there was a joint activity in Panocean Terminals, and Inchcape was involved with Ocean Inchcape Limited (OIL).

Taking interactions with Ellerman first. The links were with D.R.W. Young, then Group Personnel Director and the Director of Administration of Ellerman City Liners: the shipping arm of Ellerman. The interaction with the Director of Administration was reminiscent of the MDA's first contacts in 1972 with his opposite number in Ocean Liners; it was a case of both reacting without urgency to the inevitable demands of management development. The Group Personnel Director was of a different calibre and very much in tune with the times; it was in 1978/79 that the MDA had some useful exchanges with him. He had responsibility across the whole Group, which by 1978 had diversified from, principally, shipping into transport, travel and leisure; it had acquired J.W. Cameron the north-eastern brewer in 1975, and was also engaged in insurance and investment; its industrial and commercial interests included the Belfry Golf and Country Club at Sutton Coldfield. It meant there was plenty of scope for management development initiatives. What was documented as a Management Development Guide was concerned with management reviews and career development programmes, seemingly unrelated to individual performance planning. Things were to change after the appointment of a new Managing Director in 1976, and by 1978 the Group had made significant advances in Strategy Development. In terms of the 1978/79 review, there were three main objectives:

- "1. drawing up of a specific management and organization development plan for 1979/80 which will address the key issues facing each division and budget proposals to support the plan;
2. identification of key individuals who represent people of considerable potential and planning for their development, and
3. an examination of each division's personnel staffing resources in the light of the development plan." 5

In essence, it was a combination of what in Ocean had been established by career planning and development, together with management development and training. There was no direct correlation with strategic planning. The appraisal did not provide, as in Ocean, a conjunction between business planning and individual performance planning, though the appraisal and counselling procedure did include reference to 'Key Tasks.' There were clear indications that the Ellerman Group was providing sound inputs to human resource development, but they were not as advanced as those in Ocean at the time this research study ended. One aspect of note in the Ellerman approach was the development in stages rather than an all-embracing approach. It could be argued that Ocean had attempted too much from the centre, before the enlarged Ocean group had settled down. The counter argument was that the Sundridge Park development programme was designed to provide for inter-divisional interactions; these were intended to be, *inter alia*, pre-emptors for integrating businesses within the enlarged Group. The nub of the question is how quickly does an interventionist act to let the 'new ship' down the slipway. Should this be done before the super-structure has been completed? Clearly there is no infallible answer to how much and when; what can signally influence the decision is the climate of leadership. If this is conducive to action, then delays can be prejudicial to progress. Ellerman had retained its traditional managerial style longer than Ocean. There were features in Ellerman City Liners which struck the MDA as mirroring the typically conservative attitude, which was redolent of the way shipping companies managed their businesses well into the 1970s. An observation was made, during discussions with Ellerman executives, that there were beneficial outcomes from interlocking business planning with individual performance planning. Note was taken, after the MDA's field research had been completed, that changes were afoot in the Ellerman Group.

The situation in the Furness Withy Group was significantly different. It had been operating through a number of principal operating companies for longer than Ocean. Formed originally in 1891, it had primarily engaged in shipping operations. It also had interests in allied fields such as insurance broking (it had many more years of experience in this activity than Ocean Ajax Insurance Brokers), engineering, hotels (none in Ocean), travel and freight forwarding. Only with the Shaw Savill Line did the company have competing interests with Ocean in trading routes from UK/Continent to Australia and New Zealand. These operations had, for the most part, been transferred to Overseas Containers Limited. Furness Withy (Shipping) could boast of a number of well-known lines: Royal Mail Lines/Houlder Line; Prince Line; Pacific Steam Navigation Co., and, for some eighty years, Manchester Liners had been an associate company.

The Group's Board in October 1978 consisted of a non-Executive Chairman: Sir James Steel, with Brian P. Shaw as Managing Director and Group Executive. One of the non-Executive directors was Sir Ralph Bateman whom the MDA had worked under in Turner & Newall. As had Ocean, the Group had grown to its present shape during the 1960s and 1970s, mainly by acquisition. Apart from Manchester Liners, the principal operating companies were wholly owned, and this had made possible the development of a strong and simplified divisional structure. It was the case that Ocean had had to integrate a greater number of disparate businesses. The forward strategy for the Furness Withy Group, as expressed in 1978, was set in three main areas:

1. keeping shipping assets up to date, especially in the
liner trades
2. expanding offshore operations
3. developing existing non-shipping activities.

There were close parallels here with Ocean, but what lay ahead for Furness Withy was a series of undesirable take-over bids. Writing in The Financial Times on May 21, 1979 Ian Hargreaves, the shipping correspondent, recorded that:

"Furness Withy has in recent years been rather like a character in a Harold Pinter play whose direction and stability are continually threatened by outsiders, the importance of whom is not immediately apparent."

In June 1979 the Group had to beat off a sustained attempt by KCA International Limited, headed by its Chairman and Chief Executive, to acquire the Furness Withy Group. It was an unseemly contest. The Sunday Telegraph of June 24, 1979 carried a full page advertisement from Paul Bristol, KCA's Chairman, under the banner heading:

A Great Company Adrift

At the Group's Annual General Meeting on 28th June 1979 the threatened acquisition was roundly rejected and the nomination of Paul Bristol to the Furness Withy Board rejected. The events paralleled those in Ocean when it had fought off the attempted take-over by Jessel et al a decade earlier.

All this was an uncomfortable start for Brian Shaw, who had been elected chairman designate on May 2, 1979. He was a Liverpudlian and a qualified barrister, and like Alexander had no family connections with shipping. He had said:

"I was surprised even to be offered a job in shipping. In 1957 I assumed that to get into shipping, your name had to be Brocklebank or Holt."

Twenty years on Shaw represented one of a few top men in U.K. shipping. His incisive legal mind and penetrating personality suggested a new dimension of interface among his peers in the General Council of British Shipping. The Furness Withy Group occupied fourth place in the hierarchy of U.K. shipping companies; it was one sixth the size of P & O; its turnover in 1977 was £158 million compared with Ocean's £460 million.

The initial contact with Furness Withy was through its Chairman, Sir James Steel. The author had worked with him when he was President and the MDA Chairman, respectively, of the Northern Regional Group of the Royal Institute of Public Administration. Steel was in every sense the epitome of a top industrial leader and wise counsellor. He had spent many years in the Sunderland-based family iron and steel company: Steel Group Ltd and had been Lord Lieutenant of Tyne and Wear since 1974. He retired as Chairman of Furness Withy in June 1979. In his role as Vice Chairman of Council of Durham University he had known Professor Baker over many years and was a staunch supporter of the work being done in the Business School.

Before making his contacts with senior executives in Furness Withy, Sir James Steel fully briefed the MDA on the Group's structure and management style. His association with Sir Ralph Bateman, by 1979 Deputy Chairman of the Group, meant that there was some additional common ground on which to tune in to the Furness Withy environment.

In correspondence with the author, Sir James Steel had written in April 1979:

"I like to think that we have in the Furness Withy Group an enlightened attitude to career development; we hold regular training programmes for people at all levels and we pay great attention to moving young executives into different positions to realise their full potential."

(Private Correspondence)

The main meetings with Furness Withy's new Chairman and Chief Executive: Brian Shaw, took place in August 1979 and with some of his colleagues, subsequently in September/October 1979, including Tony Miller, Group Personnel Adviser, and Neil Johnston, Group Personnel Planning Executive, with whom the MDA had had association through joint membership of GCBS committees.

Brian Shaw was alone among the MDA's major contacts in responding directly to the subject areas of the questionnaire. Under 'Organization and Scope of Group Activities' one learnt a useful fact that 5% of Furness

Withy Group were Management staff, in Ocean it was approximately 9%. The figures were based on realistic comparisons. The higher percentage in Ocean was accounted for by the greater number of unit businesses. On 'Strategic Developments' Shaw indicated he would be aiming for more development on non-cyclical activities, to minimise the uncertainty in shipping. The situation was the same in Ocean. On 'Roles and Decisions' the Group was moving towards a common philosophy and set of guidelines to "ensure that both the Group's companies and the Group's employees benefit individually from the diversity of experiences the Group can offer." ⁹ Following a review of the current top management position, in 1977, it was found that 50% of current director level posts in Group companies could not be covered by obvious replacements drawn from internal candidates of the appropriate calibre. At the time the Group did not have any mechanism to review senior management succession or specific career development programmes. Change was to take place in 1978 covering:

1. Succession Planning
2. Management Training
3. Education Facilities
4. Appointment Procedures
5. Pre-retirement Courses.

Ocean was ahead with 1 to 4 but had not established in-company training for those within five years of retirement.

On 'Development and Training' Furness Withy launched a new Appraisal Scheme in 1978, but it did not incorporate an interlocking process between the annual Group Plan and individual performance planning. A full range of in-company training programmes covered supervisory staffs and specific skills training. Of particular interest for this research study was the association of Furness Withy Group companies, in 1978, with Ashridge Management College. The link with Ashridge was not surprising as Sir Ralph Bateman, Furness Withy's Deputy Chairman, had been Chairman of the College's

Governing Body in 1976/77. The programme was aimed at Senior Managers and the areas to be covered included:

- (a) The business environment
- (b) Financial statements/investment decisions
- (c) Industrial relations/personnel development
- (d) Management services
- (e) Corporate planning
- (f) The marketing of services.

The course tutor was Laurence Handy.

The MDA had provided Tony Miller and Neil Johnston with details of Ocean's management development programmes.

One comment made by Brian Shaw in August 1977 was that he was planning new approaches to resources management. That this would parallel the work done in Ocean was not specified, but it could be assumed there would be some common ground covered in Furness Withy.

The interaction with the Furness Withy Group had been both enjoyable and instructive. In general terms the Group was charting a parallel course with Ocean in the areas of special concern for this research study. In one sense, it is sad to record the successful take-over of Furness Withy in 1980 by the multimillionaire Chinese shipping magnate C.K. Tung, who already owned 120 ships of 10 million tonnes; he acquired another 50 of one million tonnes from Furness Withy. In another sense the change can be said to have reinforced the planned strategems of Brian Shaw; he continues in office to grace U.K. shipping, if not through leading a British company, as one whose lively and incisive approach to management will provide valuable spin-offs for other companies.

Now a concluding comment on what Alexander considered were the challenges facing British Shipping in the 1980s and beyond. His comments are extracted from the Thirteenth Blackadder Lecture to the North East

Coast Institution of Engineers and Shipbuilding on "The Challenges to British Shipping 1965-1990"¹⁰ presented on 12th February 1979.

Alexander stressed five main problems:

1. The growth of protectionism in world trade
2. Growth of non-commercial state shipping, such as the Russian merchant fleet
3. Convincing the British Government of the need to meet these political threats and also of the necessity of a smaller shipbuilding industry to help reduce the world shipping surplus
4. Containing and reducing shipboard costs
5. Seizing the marine opportunities provided by rapid expansion of off-shore oil exploration.

These final pages of the research study will not attempt to exonerate Alexander's failure to forecast the disastrous decline in U.K. shipping. Neither his genius nor that of any of his illustrious contemporaries could have foretold the destiny of Britain's once proud merchant fleet - no longer would British ships rule the waves!

The author's conclusions will be singularly brief.

What this action research study has indicated is that success as a management development adviser can never be achieved by smooth endeavour alone: it is the product of sustained vigour and often pursued in the face of hostile attitudes and grudging recognition. One must be purposeful in defining goals, because ambiguity of purpose will compound a constellation of uncertainty.

As a single and singular recommendation the author recommends that one's approach to human resource management must be harnessed to a critical analysis of the situation and this is never stable. But always there must be the aim to seek equilibrium, for however brief a period and with a human touch.

EPILOGUE

The foregoing analysis embracing the major strands of management development and organization development, in a period of rapid change, in the 1970s, sets out how a Group management development adviser aimed to achieve a concordance in the management of human resources. The major thrust lay in the fusion between business planning and individual performance planning, supported by an integrated response to manpower planning, career development and management development, conjointly with organizational change.

In his valedictory address, in September 1980, the Group Chairman, Sir Lindsay Alexander, pointed to one achievement: the decision-making process had been widened considerably; he said: "real decisions were being made successfully by hundreds of people throughout the Group all over the world every day."

As the MDA retired from his role there were signs that the central thrust of the 1970s could not be sustained. There were indications of role fragmentation as India Buildings in Liverpool lost its centrality to the smaller power-house located in Russell Square, London.

As this study was being completed Ocean's top management was being called on to overcome the decimation of its shipping arm, and restructure the Group.

There are optimistic signs that there will be a resurgence and the omens are good that the management development function will regain its role, in the latter half of the 1980s and beyond, as the Group Chief Executive-elect aims to take over the portfolio for human resource management. It should provide new vistas and a refreshing dynamism in the fusion of resources in developing Ocean's strategic drive and operating performance.

13. How much emphasis is placed on self-development?
14. What are the main current training programmes?
15. What are the main problems/issues in training?
16. What is the total current budget for training?

Part IV Appraisal/Performance Assessment

17. Is there a Group-wide system in operation?
18. What are the main components of the system?
19. Does the information include:

Performance assessments against agreed key result areas and targets related to operational business plans (i.e. budget plans)?

Training and development recommendations?

Data for decisions about career development?

Links with salary assessments?

20. What information is collated centrally?

Part V Manpower Planning

21. Does the manpower planning executive form part of the business planning team?
22. What are the main features of the manpower planning system at Group and Divisional levels?
23. What are the functional links between manpower planning and management and organisation development?

Part VI Career Planning and Development

24. Does the Group have a formal career planning system?
25. How is the career development function related to appraisal?
26. For what levels is succession planning carried out and is there a top management cadre plan?
27. Does the Group emphasise development through experience or formal development and training programmes?

28. Who evaluates the effectiveness of career development programmes?
29. Is there a common evaluation system for current job training and career development training?
30. Is the career planning and development system well understood by managers?
31. Who has the main responsibility for career planning?

Part VII Problems and Issues

32. What are the main problems in management development at the moment and what plans are there for resolving them?
33. Is there any emphasis on human resource management as part of resource managing in general, i.e. the interlocking of the managing of money, men and materials?

Part VIII External Agencies

34. What proportion (% employees) of the Group comes within the scope of statutory training boards?
35. Does the Group work closely with the Manpower Services Commission and its divisions?
36. What are the benefits of membership of the General Council of British Shipping for management development and employee relations activities?
37. Does the Group maintain close links with the Business Schools and Management Centres? If so, what are the main current relationships?

Part IX Employee Relationships

38. What is the current pattern of unionization/staff associations?
39. What are the links between the Group Employee Relations function and Management Development?
40. What are the key issues in current employee relations?

References

1. G.M. Trevelyan: Illustrated English Social History
(Longmans, Green and Co. 1944)
2. Ocean Annual Report and Accounts 1977
3. Ocean Annual Report and Accounts 1979
4. P & O. Annual Report and Accounts 1978
5. Memorandum from Ellerman Group Managing Director - October 1978
6. Financial Times, May 21, 1979
7. Sunday Telegraph, June 24, 1979
8. Financial Times, May 21, 1979
9. Furness Withy and Co. Ltd. Personnel Development Policy 1977
10. The North East Coast Institution of Engineers and Shipbuilders:
Thirteenth Blackadder Lecture: "The Challenges to British
Shipping 1965-80," by Sir Lindsay Alexander
11. Chung Yung: The Doctrine of the Steadfast Man
12. John Bunyan: The Pilgrim's Progress

BIBLIOGRAPHY

In presenting this bibliography the author has departed from the conventional wisdom of listing all references at the end of the text.

It was considered more appropriate to provide references at the end of each chapter and this facilitated the incorporation of journal references in the appropriate chapters.

The choice of books for this bibliography is based on personal preference; it does not aim to set out any normative choice. The books listed were used by the author during his managerial career, over the period 1956-81. Many were found to be helpful and readable by managers and others with whom the author worked.

The groundwork for this research was completed in 1982, since which date there has been a number of publications which deserve to be included in a manager's bibliography. Some of these are noted in an addendum to the bibliography.

May Day 1985

A. GENERAL MANAGEMENT AND ORGANIZATION

1. Chester I. Barnard: The Functions of the Executive
(Harvard U.P. 1938)
2. Peter F. Drucker: The Practice of Management
(Heinemann 1955)
3. Herbert A. Simon: Administrative Behavior
(Macmillan - Second Edition 1957)
4. James G. March and Herbert A. Simon: Organizations
(John Wiley 1959)
5. James Burnham: The Managerial Revolution
(Indiana U.P. 1960)
6. Tom Burns and G.M. Stalker: The Management of Innovation
(Tavistock Publications 1961)
7. Rensis Likert: New Patterns of Management
(McGraw-Hill 1961)
8. Peter Blau and W. Richard Scott: Formal Organizations - A Comparative
Approach
(Routledge & Kegan Paul 1963)
9. Rosemary Stewart: The Reality of Management
(Heinemann 1963)
10. Warren G. Bennis: Changing Organizations
(McGraw-Hill 1966)
11. Paul R. Lawrence and Jay W. Lorsch: Organization and Environment -
Managing Differentiation and Integration
12. Rensis Likert: The Human Organization
(McGraw-Hill 1967)
13. Arnold S. Tannenbaum: Control in Organizations
(McGraw-Hill 1968)

14. Peter A. Drucker: The Age of Discontinuity
(Heinemann 1969)
15. Roland Mann (Ed.): The Arts of Top Management - A McKinsey Anthology
(McGraw-Hill 1970)
16. Rosemary Stewart: The Reality of Organizations
(Macmillan 1970)
17. Alvin Toffler: Future Shock
(Bodley Head 1970)
18. Cyril Sofer: Organizations in Theory and Practice
(Heinemann 1972)
19. Henry Mintzberg: The Nature of Managerial Work
(Prentice-Hall 1973)
20. Jay W. Lorsch and Stephen A. Allen III: Managing Diversity and
Interdependence
(Harvard U.P. 1973)
21. Jay W. Lorsch and John J. Morse: Organizations and their members -
a contingency approach
(Harper Row 1974)
22. Don L. Riegel and John W. Slocum, Jr.: Management - A Contingency
Approach
(Addison-Wesley 1974)
23. William G. Scott and Terence R. Mitchell: Organization Theory -
A structural and behavioral analysis
(Third Edition Richard D. Irwin 1976)
24. Rosemary Stewart: Contrasts in Management
(McGraw-Hill 1974)
25. Jay W. Lorsch, James P. Baugham, James Reece and Henry Mintzberg:
Understanding Management
(Harper Row 1978)

26. Raymond E. Miles and Charles C. Snow: Organizational Strategy,
Structure and Process

(McGraw-Hill 1978)

27. Peter F. Drucker: Managing in Turbulent Times

(Heinemann 1980)

28. Alvin Toffler: The Third Wave

(Collins 1980)

B. CORPORATE STRATEGY

29. George A. Steiner: Managerial Long Range Planning

(McGraw-Hill 1963)

30. H. Igor Ansoff: Corporate Strategy

(McGraw-Hill 1965)

31. John Argenti: Systematic Corporate Planning

(Nelson 1974)

32. John M. Stopford, Derek F. Channon and John Constable: Cases in
Strategic Management

(O.U.P. 1980)

C. SOCIAL SCIENCE OF ORGANIZATIONS

33. Talcott Parsons: The Social System

(Free Press 1951)

34. Abraham H. Maslow: Motivation and Personality

(Harper & Row 1954)

35. Chris Argyris: Personality and Organization - The Conflict between
the System and the Individual

(Harper & Row 1957)

36. Robert K. Merton: Social Theory and Social Structure

(Revised Edition Free Press 1957)

37. Chris Argyris: Understanding Organizational Behavior

(Tavistock Publications 1960)

38. Douglas McGregor: *The Human Side of Enterprise*
(McGraw-Hill 1960)
39. Chris Argyris: *Integrating the Individual and the Organization*
(John Wiley 1964)
40. Leonard R. Sayles: *Managerial Behavior*
(McGraw-Hill 1964)
41. Victor H. Vroom: *Work and Motivation*
(John Wiley 1964)
42. Geoffrey Vickers: *The Art of Judgement*
(Chapman & Hall 1965)
43. Marvin Bower: *The Will to Manage*
(McGraw-Hill 1966)
44. Leonard R. Sayles and George Strauss: *Human Behavior in Organizations*
(Prentice-Hall 1966)
45. Abraham Zaleznik: *Human Dilemmas of Leadership*
(Harper & Row 1966)
46. Fred E. Fiedler - *A Theory of Leadership Effectiveness*
(McGraw-Hill 1967)
47. Arnold S. Tannenbaum: *Social Psychology of the Work Organization*
(Tavistock Publications 1967)
48. Frederick Herzberg: *Work and the Nature of Man*
(Staples Press 1968)
49. Lyman W. Porter and Edward E. Lawler: *Managerial Attitudes and Perspectives*
(Richard D. Irwin 1968)
50. Clayton P. Alderfer: *Existence Relatedness and Growth*
(Free Press 1972)
51. Charles E. Summer, Jeremiah J. O'Connell, Newman and S. Peery, Jr.:
The Managerial Mind
(Third Edition Richard D. Irwin 1973)

52. Victor H. Vroom and Philip W. Yetton: Leadership and Decision-Making
(University of Pittsburgh Press 1973)
53. John Beishon and Geoff Peters: Systems Behaviour
(Second Edition Harper & Row 1976)
54. Louis E. Davis and Albert E. Davis: The Quality of Working Life -
Volumes I and II
(Free Press 1975)
55. Robert Dubin, Ed.: Handbook of Work, Organization and Society
(Rand McNally 1976)
56. Frederick Herzberg: The Managerial Choice
(Dow Jones - Irwin 1976)
57. Rensis Likert and Jane Gibson Likert: New Ways of Managing Conflict
(McGraw-Hill 1976)
58. J. Richard Hackman, Edward E. Lawler III and Lyman W. Porter:
Perspectives on Behavior in Organizations
(McGraw-Hill 1977)
59. David R. Hampton, Charles E. Summer and Ross A. Webber: Organizational
Behavior and the Practice of Management
(Third Edition Scott, Foresman & Co.)
60. Daniel Katz and Robert L. Kahn: The Social Psychology of Organizations
(John Wiley 1978)

ADDENDUM

The following were found to be excellent new works published from
1982-85:

61. Thomas J. Peters and Robert H. Waterman, Jr.: In Search of Excellence
(Harper & Row 1982)
62. Michael J. Earl, Ed.: Perspectives on Management - A Multidisciplinary
Analysis
(Oxford U.P. 1983)

63. Tom Stonier: The Wealth of Information - A Profile of the Post-Industrial Economy
(Thames Methuen 1983)
64. Charles Handy: The Future of Work - A Guide to a Changing Society
(Basil Blackwell 1984)
65. Tom Forester, Ed.: The Information Technology Revolution
(Basil Blackwell 1985)

