

## **COMM 210**

### **Contemporary Business Thinking**

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#### Lecture 3 – Structure and Growth of Firms

### **Objectives For Today**

- Describe and explain how and why organizations grow
- Describe and apply the concepts of organizational structure and management style
- Develop critical thinking skill: Analyzing and evaluating the evidence for a claim
- Team Project Guidelines
- Finalize team formation for the project

## Review of Concept Maps:

### Concept Maps' Criteria

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- Does the reader understand the theory by looking at the map?
- Are most concepts there, especially the main ones?
- Is the relationship between the concepts intuitive?
- Can the reader differentiate between the concepts that have positive and those that have negative impacts?
- Is there a logical relationship between the elements of the map?
- Is the representation vivid and attractive to the reader?

## Entrepreneurship and the Desire for Growth

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- Do you know someone who started his or her own business?
- Would you like to do the same? That is, is *entrepreneurship* appealing to you? Why or why not?
- Would you prefer to work in a large or a small firm? Why or why not?
- What do you think is the most challenging part of growing a business? Where would the bottlenecks be?



## Larry Greiner "Evolution & Revolution"

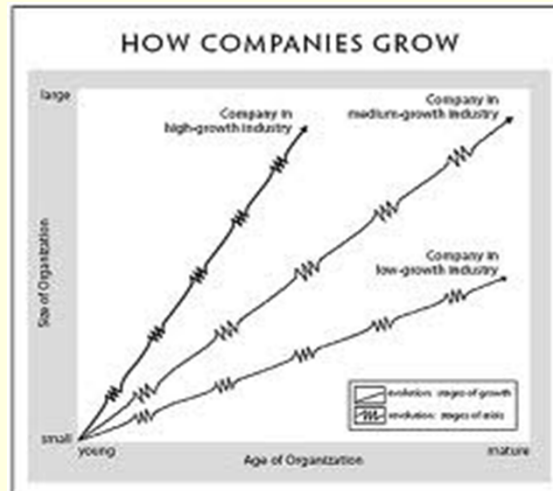
A theory of  
organizational **life cycles**,  
with a focus on **growth**

University of Southern  
California

## Greiner's Major Claims

- Organizations grow through a series of evolution and revolution phases that are function of the age and the size of the organization
- Management practices that work well in one phase bring on a crisis in the next

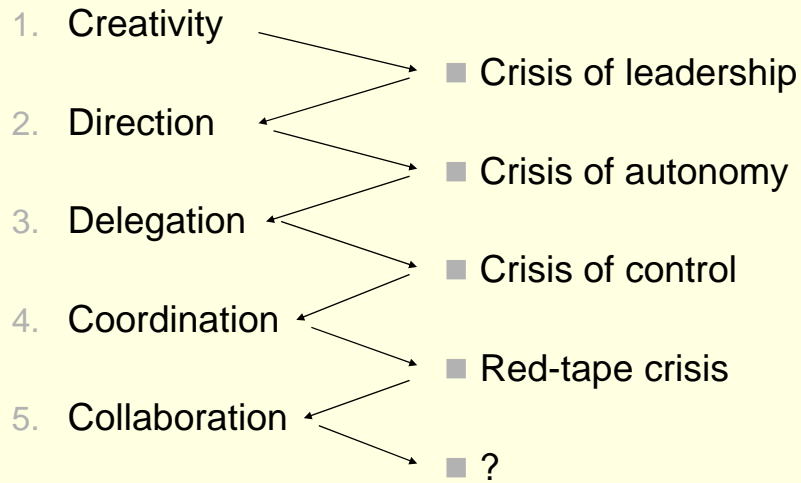
## Greiner: How Companies Grow



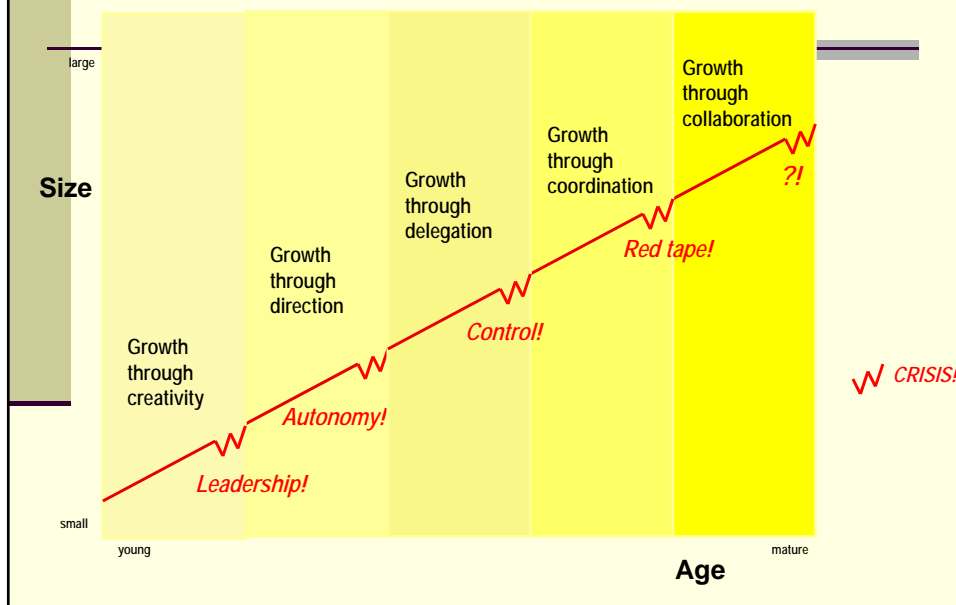
## Greiner's Primary Concepts

- Age of the organization
- Size of the organization
- Stages of evolution
- Stages of revolution
- Growth rate of industry
- Management style
- Organizational structure

## The Five Phases of Growth



## Greiner: Concept Map



## Greiner's Concept Map

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- For each evolution phase, student should know:
  - The exact name of the evolution phase
  - The characteristics of the evolution phase (what is happening)
  - The issues that lead to a crisis
  - The exact name of the crisis
  - The required solution for the crisis

## Greiner's Secondary Claims

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- Organizations should not try to skip phases
- Top managers whose style is no longer appropriate should remove themselves
- Growth is not inevitable

## Advantages of large, bureaucratic organizations (Source: [www.busting-bureaucracy.com](http://www.busting-bureaucracy.com))

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- Hierarchical authority promises control and responsibility
- Specialization of sub-units promises accountability, control and expertise
- Management by rules promises control and consistency
- Being impersonal promises objectivity, consistency and equality

## Employees' Examples of **Red Tape** (Source: [www.busting-bureaucracy.com](http://www.busting-bureaucracy.com))

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- Each department has its own agenda, and departments don't cooperate to help other departments get the job done
- Top managers are dangerously ill-informed and insulated from what is happening on the front lines or in "the field"
- Quantitative measurements are favoured over qualitative measurements, so the concentration is on quantities of output, with less and less concern for quality of output
- Both employees and customers are treated more as numbers than people

## EVIDENCE

### Sharpen your analytical skills

- Critical thinking = Analyzing the validity of arguments presented in a text
  - Identify the author's major conclusions
  - *Describe & evaluate supporting evidence*
  - Uncover assumptions & values
  - Determine soundness of causal logic
  - Deconstruct use of persuasive language

## Definitions

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- Claim: central idea that the author is trying to persuade you to accept
- Evidence: any statement that is a response to the question **'Why this is true?'**
- Claim+ evidence = argument
  - Several arguments in longer piece of writing

## Evaluate the Supporting Evidence

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- Finding the evidence
  - Can consist of:
    - Statistics, Details of past events,
    - Anecdotes, Quotes, etc...
- Cue words:
  - Because, As a result, In the first place,
  - For example, In addition, etc...

## Example (Dyer p.22)

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- Central claim: “Students today are more knowledgeable than they were a decade ago”
- Contestable claim
- Why is this true?
  - Early learning in daycare (2-4)
  - Skills of teachers (5-8)
  - Availability of computers (9-11)

## Evaluate the Supporting Evidence

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- Criteria to test the quality of the evidence
  - Accuracy
  - Precision
  - Sufficiency
  - Representativeness
  - Authority
  - Clarity of expression

## Evaluate the Supporting Evidence

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- Accuracy
  - Difficult to judge without an independent source of information
  - 2 ways to proceed:
    - Do our own research to verify accuracy
    - Use proxies to evaluate accuracy: trivial errors, grammar, spelling mistakes, inaccurate quotes, or precision.

## Evaluate the Supporting Evidence

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- Precision
  - Comes from numbers and quotes
  - 18.4% is better than “quite well” or “almost 20%”
  - Ambiguous words should not be overused
  - Numbers and direct quote should be provided
  - Precision creates the impression of accuracy
  - Beware of over-precision

## Evaluate the Supporting Evidence

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- Sufficiency
  - How much evidence?
    - Importance of claim
    - Potential damage
  - Fallacy of hasty generalization
- Representativeness
  - Variety in the sources of evidence should match the variety in the population
  - Fallacy of hasty generalization

## Evaluate the Supporting Evidence

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- Authority
  - Training, credentials, experience of others
  - Classics or current writing
  - Context-dependent
  - Fallacy of false appeal to authority
  - Fallacy of argumentation ad populum (bandwagon)

## Evaluate the Supporting Evidence

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- Clarity of expression
  - Quantitative data should be interpreted
  - Direct quotation should also be interpreted
- Other objections: issues of relevance related to underlying assumptions

## Greiner's Evidence

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- Small groups of 2-3
- Did Greiner provide good evidence in his article to support his claim?
- Find in the article examples that correspond (or are against) the qualities of good evidence.

## Application Exercise: Built for Growth (Aarts, 2014)

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- What is the main claim of the article? Are you convinced?
- What stage of evolution or revolution do you think FourQuest Energy Inc. is at? Support your answer.
  - Grgic and Gannon are still at the help of the company, is this in line with Greiner's theory? Why or why not?
- Is FourQuest's consistent with Chandler's ideas of:
  - First mover
  - Diversification
  - Innovation
  - Economies of scale and scope



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## GROUP PROJECT

## Learning Goals for the Project

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- Understand and get engaged in a stimulating contemporary business issue
- Create a final report that is a useful critical analysis of a problem that will be interesting to a practitioner or layperson
- Communicate findings persuasively
- Establish connections between contemporary business issues and foundational business theories

## Team Project Overview

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- Select a topic from the list provided:
  - Sustainability
  - Technology and Innovation
  - Leadership/Management

## Team Project Overview

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- Make a specific claim about the issue and find various sources of evidence for this claim (interviews, secondary data)
- Draw on relevant business theories read this term (e.g. Chandler, Greiner, Handy, etc..) to support your claim
- Project report will take the form of an article (2000-2500) for a business magazine

## Team Project Overview

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- Two-page progress report due October 6
- Second progress report due October 27
- Final report and presentation due November 24
- Oral presentation date Nov. 24 & Dec 1
- Peer evaluation of contribution to the team
- See Moodle folder for:
  - Team project guidelines
  - Tips on working in teams
  - Peer assessment guidelines

## Team Project Assessment

Evaluation of Team Project Report	MARKED out of (100)	WORTH (30%)
Progress reports	10 points	10%
Originality and clarity of claims	20 points	
Use of classic management theory (or theories), well-integrated into the article	25 points	
Quality of evidence: Authority, Sufficiency, Representativeness, Precision, Accuracy, Clarity.	30 points	15%
Structure of the report: Rhetorical style; Writing skills, including grammar. Spelling, neatness; Use of appropriate illustrations, Length of report	25 points	
Oral presentation: Speech delivery (voice, pace, volume, tone, eye-contact, body posture, self-confidence); handling of questions	10 points	5%

## Content of First Report

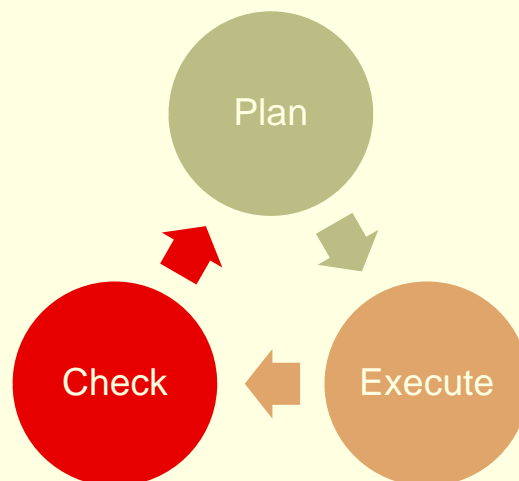
Class 5: submit a paper copy of a TWO-PAGE (excluding the workplan table) progress report to your instructor which includes:

- a) The broad issue your team has selected and a brief description of your specific topic
- b) An initial bibliography of secondary sources
- c) A description of your proposed participants and 4-5 interview questions
- d) The fundamental business theory (ies) you have selected, with a brief explanation of the relevance of this author to your analysis. Note that later in the term you may encounter other theories that may be equally or more applicable to your analysis
- e) Your **detailed** work plan **in a form of a table** (tasks, name of team member who is responsible and due dates).

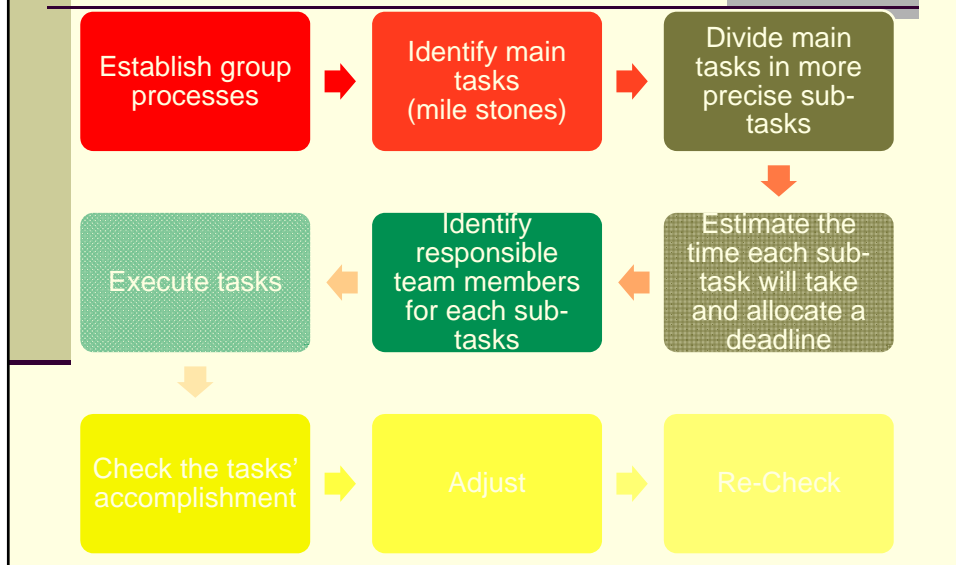
## Working Effectively in Teams

- Effective meetings
  - Pre-assignments; time, place & agenda
  - Brainstorm, then critique
  - Assign Roles: Chair, recorder, timekeeper
- Trouble-shooting
  - Start early -- give time to deal with problems
  - Open communication
  - Use your strengths; learn from others about weaknesses

## A Simplified Project Management Cycle



## Guidelines for Managing your Project



Project Workplan

Tasks	Team Member	Timeline (Minutes)													
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>Planning</b>															
Establish group processes	All														
Discuss structure	All														
Decide structure	Vote/ decision														
<b>Tower Base</b>															
Break Spaghetti	Guillaume														
Cut tape, string	Chang, Laurie														
Assemble	Sarah, Tony														
<b>Tower Structure</b>															
Prepare 2 sides	Guill., Chang														
Prepare 2 sides	Lauriane, Tony														
Assemble	All/Lauriane*														
<b>Assemble Pieces</b>	Sarah/Chang														

Project Workplan															
Tasks	Team Member	Timeline (Weeks)													
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>Task 1</b>															
Subtask 1	?														
Subtask 2	?														
Subtask 3	?														
<b>Task 2</b>															
Subtask 1	?														
Subtask 2	?														
Subtask 3	?														
<b>Task 3</b>															
Subtask 1	?														
Subtask 2	?														
Subtask 3	?														

## Your Project Work Plan (Progress Report 1)



- With your team, prepare the workplan for your project (Excel spreadsheet)
  - Establish group processes (next slide)
  - Prepare a list of the main tasks
  - Detail the sub-tasks for each task
  - Estimate a duration for each subtask/task
  - Identify the members for each subtasks, i.d. a prime
  - Plot the tasks on timeline
  - Adjust the draft timeline to fit the due date
  - Leave a buffer at the end of the timeline for flexibility

## Group Processes

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- What are the ground rules in your team?
  - CC everyone when emailing a team member or the instructor
  - Etc.
- How will you take decisions?
- What's an acceptable time frame for replying?
- What to do if you're too busy? (e.g. during midterms...)
- What will you do to resolve conflicts?
- How will you communicate?
- What tools will you use? (facebook, doodle, google drive, skype, etc)
- <http://learningcommons.ubc.ca/student-toolkits-2/working-in-groups/group-process/>
- <http://www.facilitationcenter.com/?p=26>

## Activity

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- Get into your groups and discuss the following:
  - Group processes
  - Workplan
    - Identify the main tasks
    - Identify sub-tasks
    - Discuss roles

## Preparation for Next Class

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- Readings for next week
  - Collins & Porras: Building your company's vision
  - How Fairphone – The world most ethical cell phone- stays good.
  - Complete the survey: What do I value? (Posted on Moodle)
- Textbook (Dyer), Underlying Assumptions, chapter 4.
- **Progress Report 1 Due**
- Don't forget to check your mailbox and Moodle