

Session 8 (JW)
Different Agendas

MAST4001 & MASTG003
NOT STUDENT HANDOUTS

Session 8

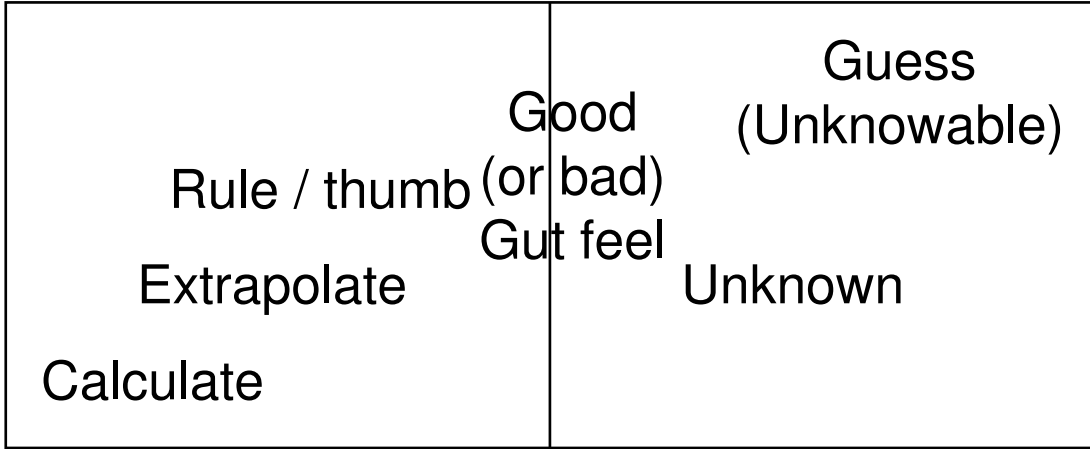
Dealing With Different Agendas



So Far...

**Uncertainties
(or conflicts)
over goals /
objectives**

← *Compute* *Judge* →



Low

High

**Uncertainties over methods /
consequences / outcomes**

Today

- **To discuss:**
 - **The diverse interests of individuals and sub-units within an organisation**
 - **The influence of power and politics on decision-making, and situations where political activity is likely to be most intense**
 - **The importance of recognising the political dynamics and responding appropriately**

Session Objectives

- **At the end of this session you will be able to:**
 - **Explain the influence of power and politics on organisational decision-making**
 - **Describe the sources of power and the means by which political capital is built**
 - **Outline strategies for securing support in a political situation**

Assumptions For Today

- **Reasonable certainty over methods / consequences**
 - Managers are able to understand technology / visualise outcome and advantage conferred
 - Decision is fairly routine and outcome easy to evaluate
- **High uncertainty over goals / objectives (conflicting interests)**
 - Managers and / or sub-units within the organisation have conflicting interests or have different views on the best way to achieve a broad objective
 - Will not subordinate own needs / views to those of the organisation

Uncertainties over methods / consequences / outcomes

Low

High

High

**Uncertainties
(or conflicts)
over goals /
objectives**

*Negotiate &
bargain*

Inspiration

Computation

Judgement

Low

<i>Negotiate & bargain</i>	<i>Inspiration</i>
<i>Computation</i>	<i>Judgement</i>

What Would You Do?

- **You are a sales person**
- **You wish to sell your company's novel technology for testing bacteria levels in foods**
- **You know a sushi factory (Sushico) supplying to the major supermarket chains**
- **What tactics could you & your organisation use to sell the technology to this company?**

Possible Tactics

- **Persuade**
 - **Get an appointment, sales presentation, negotiate a deal**
 - **Lead them through the stages in innovation adoption:**
 - **Awareness (create awareness, educate)**
 - **Interest (create favourable impression)**
 - **Evaluation (consider buying)**
 - **Trial (e.g. low risk trial / pilot)**
 - **Adoption (purchase / use the process)**

Possible Tactics

- **Force their hand, e.g:**
 - **Persuade supermarket chains (market pull)**
 - **Threaten (or actually) sell to competitors**
 - **Create brand for testing process**
 - **Lobby for new laws / regulations**
 - **Feed media scare stories**
 - **Fund research that demonstrates a useful linkage**
 - **Buy shares in (take over) the company**

Self Interested Behaviour

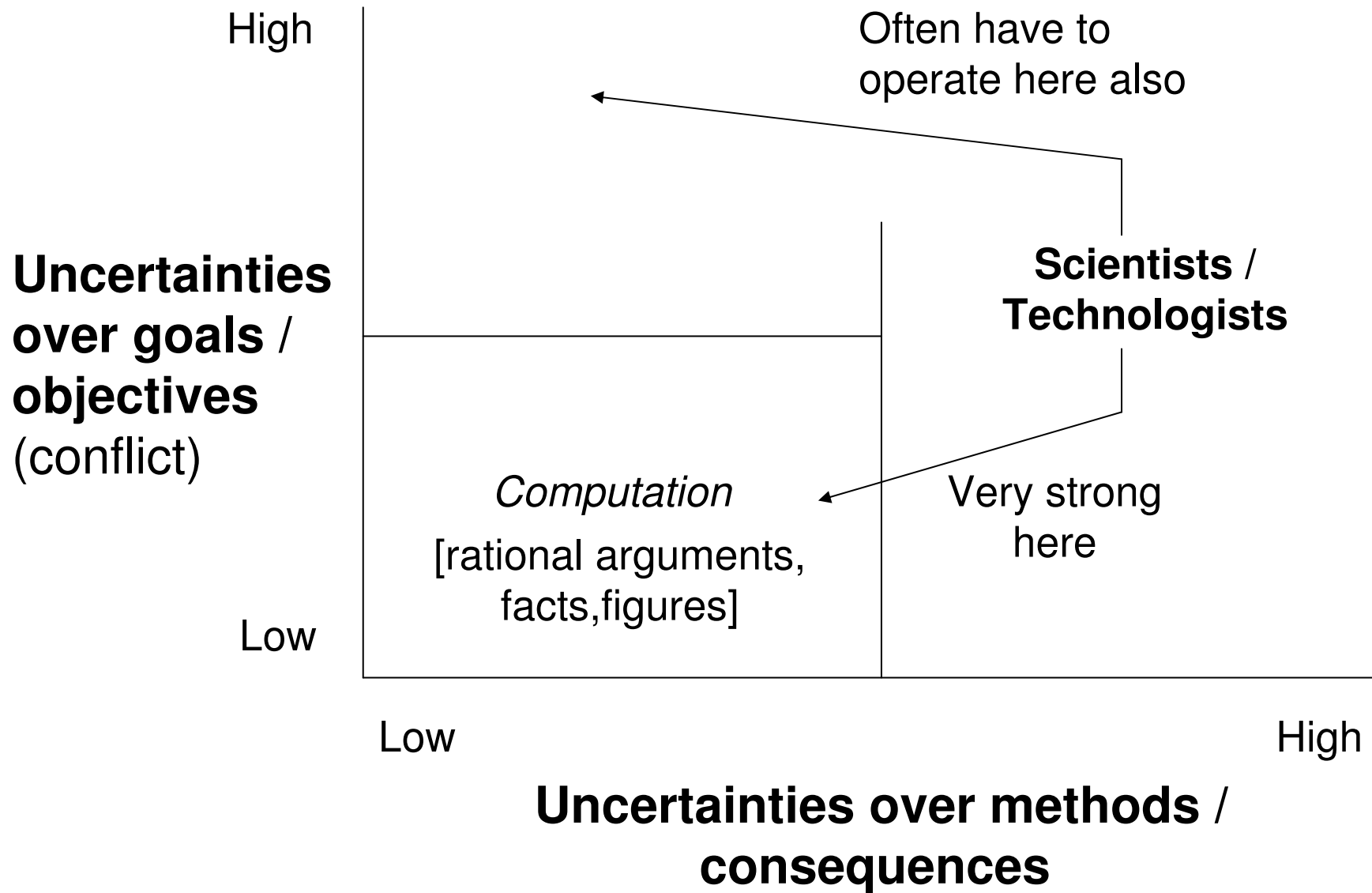
- **Both parties will act in own interests**
 - Supplier wants to sell
 - Sushico will buy if in own interests
 - Persuaded of the benefits, avoid downsides of not buying
- **If no benefits to self, will be unwilling to trade (can walk away)**
- **Both sides will aim to secure a deal that is in own best interests**

Self Interested Behaviour

- **It is naïve to assume that selfish behaviour:**
 - Only occurs *between commercial* organisations
 - But not those working for a greater good
 - e.g. Not-for-profit, academia, healthcare etc.
- **Does not occur *within* organisations (especially those working for the greater good)**
 - And that people will always act in the interests of the organisation
 - People within the organisation can't (always) walk away when faced with an unpalatable deal
 - This is when politics often arise

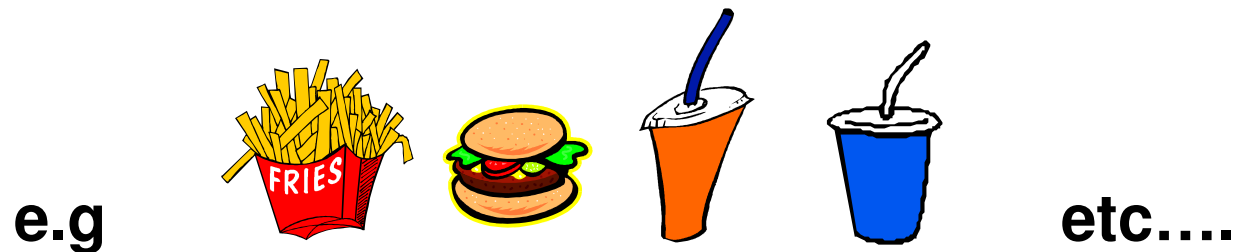
Self Interested Behaviour

- **Scientific evidence and rational truth ignored in favour of other interests, e.g:**
 - US blood banks refusing to screen for AIDS despite scientific evidence
 - BSE researched too slowly, government eschewed slaughter & compensate strategy
- **Compromised research**
 - Apotex suppressing dangers of deferiprone drug on clinical trial



40,312 POSSIBLE COMBINATIONS

[Picture of eight food items]



The new McChoice menu 99p each.

McDonald's

Codes of Practice

- **Code 6.1: Advertisers should not exploit the credulity, lack of knowledge or inexperience of consumers**
- **Code 7.1: No advertisement should mislead by inaccuracy, ambiguity, exaggeration, omission or otherwise**

The Adjudication

- **“They [the advertisers] said the number of 40,312 used in the claim was based on the factorial of eight, which gave all the permutations of the eight items...**
- **The advertisers said they were aware that some people might consider a double cheeseburger and milkshake to be the same permutation as a milkshake and double cheeseburger, but they believed that each permutation could be considered a different eating experience...”**

A Rational Decision?...

- **The adjudication is mathematically incorrect (the word ‘Combinations’ is used in the advert)**
- **The ad clearly breaches advertising codes of practice**
- **Why was the complaint not upheld?**
 - **Perhaps no-one in the ASA can do maths (although the maths was explained to them in a letter, backed up by a mathematician from a top London university)**
 - **Politics? Siding with their pals in the advertising industry?.....**
 - **Self interest? Save own face – can’t admit they were wrong**

Conclusion

- **No scope to negotiate / bargain**
- **Decision-making box is closed to outsiders**
- **Original decision-makers judge appeals**
- **Couldn't influence the decision, could only take revenge....**

When There Is Internal Conflict

- **Everyone understands proposal and likely outcomes**
- **May even see that it is good for the organisation**
- **But decision-makers fear for themselves:**
 - Is of no *personal* benefit (but lots of hassle / cost) to decision-makers (or their sub-units), or worse
 - Could cause loss of power, prestige or indispensability
- **Those whose co-operation is needed:**
 - Will not subordinate own needs for those of the organisation, and/or
 - May have different views about best way of achieving a broad objective

**Uncertainties
(or conflicts)
over goals /
objectives**

High

Political paralysis

Resistance to change

Fear of change

Inertia

Trust

Of one mind

Low

*Negotiate
& bargain
(politics)*

*Compute
(rational)*



An Alternative Scenario

- **You are in a marketing group in major Foodco**
- **Have found out about bacteria testing method**
- **Feel that would give Foodco major SCA**
- **You want company to fund adoption on production lines**
- **How do you go about persuading company to fund?**

Mindset

- **Clearly the technology will be a good thing for the company**
- **Company already has some of on-line QC, developed in house in Group R&D**
- **Therefore all units with influence (power) will understand and back proposal**
- **If not, get support of top management, who will presumably order other units to co-operate**
- **So no problem persuading company to:**
 - **Willingly give resources to develop**
 - **Adopt asap**

Their Point of View

- **Innovation affects two key groups:**
 - R&D and production
- **Consider**
 - Why might R&D want to support this
 - Why might R&D not want to do this?
 - Why might Production support this?
 - Why might Production not want to do this?

R&D's Perspective

- **For**
 - Funding
 - More work creates / retains jobs
 - It's R&D's job
 - Challenge, interesting work
 - Kudos
- **Against**
 - Not invented here
 - Marketing doesn't know technology
 - Other priorities
 - Other, more interesting projects (that we get all the kudos for)

Production's Perspective

- **For**

- It's Production's job
- Improves quality control
- Better products
 - Reflects well on Production department
 - More demand = create / retain jobs
- Kudos (within organisation & with customers)

- **Against**

- Operational disruption (e.g. to test & implement)
- Negative impact on current targets
- Industrial relations (new work practices)
- Time, cost of training operatives
- Not invented here (what does marketing know about production processes?)

Self Interested Behaviour

- **Arguments against are departmental self interest**
- **Will not support if they perceive downsides (to them) outweigh potential benefits**
- **Where arguments against are because of departmental (or individual) self interest**
 - Won't (usually) overtly say this
 - Objections will be rational (e.g. negative impact on targets / existing work)

What Can You Do?

- **Even if senior management support you, may find difficulties in implementing**
 - No time to trial (or at expense of targets)
 - Ensure it doesn't work
 - People, equipment etc. not readily available
 - Other ways to 'sabotage' to ensure failure

What Do You Do?

- **You may suspect motives:**
 - **Unwise to accuse**
 - You will look emotional, unreasonable (possibly paranoid)
 - **Need to find ways round their 'legitimate' objections**
- **It's human nature to act in own / sub-unit interests**
 - **Great if they co-incide with those of the organisation, but won't always**
 - **This is when politics arise**

Managing Politically

- **Build your own sources of power and influence (political and social capital)**
- **For your proposal:**
 - **Ascertain who has power and influence**
 - **Understand their interests / concerns**
 - **Take action to gain their co-operation**
 - **Do you persuade or use your power to force?**

Political Capital

- **Do not wait for power to be given**
- **Many different bases of power that can be built:**
 - **Physical force (co-ercion, not recommended)**
 - **Resource power (control of pay, promotions, project budget etc)**
 - **Position power - (the boss, sponsor, or the support of powerful people in the orgn, access to information, networks)**
 - **Expert power (knowledge, skills etc)**
 - **Personal power (charisma, interpersonal skills)**
 - **Negative power (blocking, vetoing)**

Social Capital

- **Build your social capital, also helps to develop political capital**
- **Social capital a result of building trust and loyalty of others:**
 - **Development of alliances (can lead to Position and Resource power)**
 - **Your track record and sound past judgements**
 - **Trading favours**
 - **Fear of loss of your investment in social capital keeps you honest - and they know it**

Political Options

- **Negotiate and bargain (Win / Win)**
- **Be creative in finding ways in which all sides gain:**
 - Suppress own ego - give away some ownership
 - Modify proposal to maximise *all-round* value
 - Build emotional commitment to ideas (get them involved in the team)
 - Align interests of organisation with those of individuals (e.g. kudos from successful project)
 - Trade favours
 - Find (or create) a powerful downside (crisis) for the organisation or the uncooperative individual
- **Gather more power to coerce others...**

Consequences of Forcing

- **Even if you have the power to ‘force’ much better to negotiate win-win agreement otherwise:**
 - **They may find a rational reason to withdraw support**
 - e.g. Negative impact on other targets
 - **Difficulties in implementation**
 - e.g. Equipment not working, not available etc.
 - **You may win this time, but will they deal with you again?**
 - **What will happen next time they deal with you?**
 - **Negative impact on your reputation**

Benefits of Negotiation

- **Means of resolving different interests**
- **Means of gaining support from others**
- **Demonstrates your commitment**
- **Demonstrates you're a team player**
- **Multiple perspectives, better proposal**
- **Builds your political & social capital**

- **Requires interpersonal, negotiation, persuasion, selling and political skills**

Conclusion

- **Politics is the means by which people acquire / use power to get things done their way**
- **Innovation often involves political processes, need to negotiate and bargain to secure support**
- **Do not wait for power to be given to you**
- **Build your own sources of power & influences (political & social capital) from day one**
- **Abuse power at your peril - remember there's always a next time**

It's Better to Negotiate Win/Win

- **“Power is also lost because once in a position of power, it is sometimes tempting for us to reap benefits of our position immediately. We sometimes let power go to our heads, forgetting that authority is always the consequence of a relationship between those with power and those who grant that power. Pride, the seizure of privilege and the lack of patience occasionally combine to cause the downfall of those in [with] power”**

Source, Pfeffer (1994)