CHAPTER 3
The king is dead. Long live the king?
Corporate life-cycles, succession planning and organizational renewal

Mathew Wills

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Introducing the author – Mathew Wills

At the time of writing "The king is dead. Long live the king?" in 1996, Mathew was a manager working within MCB's Electronic Publishing Initiative, the goals of which were twofold: to explore how technological developments could be utilized to add value to the information that the company provides and the ways in which it is delivered; and to assist others within the organization to make use of those technologies. Mathew was initially responsible for the development of the corporate Internet site and moved to the management of CD-ROM product development in early 1996.

Selling academic journals, CD-ROM products and online content into the mature library market was an ever more expensive and increasingly difficult process. Explosive growth from the traditional core journal markets of the past was no longer an option. The business was at a cross-roads at which it had to make a choice: should it re-conceive corporate strategy and invest heavily in the technologies of the future or accept that growth had levelled off and seek to maximize profit from a gradual sales decline?

In this study Mathew sought to explore how the organization could develop the senior management team to build future business success. He analyses the historical development of the business to provide a perspective on the changes that needed to be made, and evaluates the results obtained using criteria generated by senior management.

All successful entrepreneurial start-up companies must eventually address the problem of ownership transfer, be it handing the business on from father to son or a shift from owner-management to a professional management team running the business for professional investors. This study explores ways in which a medium-sized academic publishing company of some 30 years' standing had already begun to, and must in future plan such a transfer of control.

After more than ten years of intensive management development, Mathew felt that two major gaps remained unfilled at MCB: strategic financial leadership needed to be introduced for the first time, and links with academics around the world had to be re-established. The former required a chief executive with knowledge of financial institutions, the latter sustained professional publisher attention.

Introduction

MCB will surely experience great change in the next five years: the current owners and senior directors may well withdraw or retire, academic journal publishing must accept significant transformations and, with the need to service recently incurred debt, the business is already coming to terms with revised financial circumstances. Together these factors are likely to dictate the need for clarity of strategic purpose and significant restructuring of the business.

MCB University Press has achieved strong turnover and profit growth in the past decade. However, there are several major issues that face the business in the coming decade. These include:

- the likely retirement in the next five to ten years of the driving force behind the business, the owners and senior directors;
- technological threats (opportunities) that exist for companies in the traditional academic publishing business;
- the possibility that venture capitalists may join the business; and
- new financial challenges such as the need to service the significant interest and debt repayments that have recently arisen.

The questions that this study seeks to address are:

- Can the business continue to thrive without the owner-manager "founders" in post?
- In what appear to be uncertain times for the publishing industry, is the business in its current independent form reaching the end of its natural lifetime?
- Would the company profit from being absorbed into a larger group that could provide the organizational and strategic competences required to continue to develop the business?

Evolution to date is examined and the current competences still residing with the owner-managers are analysed as the basis for further development. This is happening against a backdrop of technological upheaval in the periodicals publishing business which also dictates the need for significant changes to the way in which the company is led and managed.

The critical gaps highlighted are the emerging need for financial networking competences, the requirement to re-establish links with academics around the world, and the need for greater organizational co-ordination in a time of organizational and industry uncertainty. The bases for action are available to the business; what is required is the determination to act.

My goal, as noted, is to identify how the organization can mould the senior management team into one that can succeed the current owner-managers and build on past business successes, if such a team is not already in place. Prospective executives of the future will, of course, bring differing skills and assets to bear in their stewardship of the company, and can come from many backgrounds:

- internally, with an understanding of the business and corporate culture;
- from other publishers, providing broader industry experience; and
- from other industries, bringing fresh insights.

The study explores the structure of MCB's existing senior management team and suggests various options for enhancing the corporate "talent pool" and the succession planning process. On the basis of corporate core competence information generated by owner-managers and senior management, recommendations are made as to a suggested blueprint for business succession planning, and a process highlighting the key succession issues that the company should address at a senior management level.

To increase the likelihood of the recommendations of this study being implemented by the board of directors, I am basing my analysis on the opinions and thoughts of senior management themselves, and attempting to align the project with organizational culture. In doing so I have assumed that I shall not encounter any major problems that might require drastic corrective measures to alter the corporate culture in some way. Fortunately, this has been the case so any recommendations made will be in alignment with the prevailing culture of the business.

Setting the scene

The crucial question I am addressing is: how can the perpetuation of MCB University Press as a flourishing independent academic publishing company be ensured? In seeking to answer this question, I am starting with an underlying proposition:

> All organizations grow and evolve, moving through various stages of development. The principal developmental issue currently facing MCB University Press (if it should remain "independent") is the need, in the short to medium term, to separate the ownership and management of the business.

So is this the case? And, if it is, how can such a transfer be implemented?

A transfer of control requires an ability and willingness on the part of the owners to "let go", something they have not had in the past. The owner-managers suggest that such a transfer will only be possible if they are totally confident of the managerial abilities of those who will take over the business, or if they can engineer a part realization of the equity that they hold in the business, thus allowing them to "spread their risk".

I aim to explore what "perpetuation" might mean through the literature. I investigate whether this is a realistic (or indeed useful) goal and look into possible ways in which it might be achieved. To do this requires a review of the internal structural issues and external environmental factors facing the organization.

Firstly, I look at a life-cycle model of organizational development. This will give insights into the experiences of businesses that have developed and reached the stage where the owner-creators are looking to hand over the management of the business to the second generation. This should also provide insights into how such a hand-over can be achieved and the generic problems that may be experienced.

In discussions with senior managers in the business, the concept of considering the company as a "family business" has been often raised. To this end I shall attempt to put this review into the context of the publishing business, medium-sized "family" businesses generally and MCB University Press in particular, from there developing ideas as to how the model generated might be applied to the business. The implications of corporate culture and structure will be considered to provide further contextualization of the model and further insights into how it might usefully be applied.

Having explored a model of organizational development and attempted to apply it to the business, I shall analyse the generic organizational and executive competences that the literature suggests businesses are likely to need in the coming years, and how they are distributed in businesses that have been the subject of past research. This should, hopefully, give pointers to the competences that the business needs, how they tend to be distributed in companies at a similar developmental stage to MCB University Press, and how the competences of the owners and professional managers are likely to differ. Such an understanding is the first step towards an audit of competence requirements and an analysis of how current competences are distributed.

Next the study will focus upon internal core competence enhancing executive development for professional managers and executive resourcing techniques to facilitate leadership succession.

Finally, I shall look at possible ways to facilitate corporate perpetuation through the re-engineering of business processes.

The "corporate life-cycle"

The first question that needs to be asked is whether companies really have "life-cycles". In response, the literature would seem to suggest that they do.

Hsieh (1992) quotes John Gardner, who observed:

> I once believed that it might be possible to design an ever-renewing organization, one that would never run down, never lose its vitality. It would provide for dissent . . . it would never cease learning and developing. But after many years, I concluded that human beings are much too firmly wedded to the status quo to let anyone get away with such a scheme . . . They will silence the dissenter by outright punishment, or more commonly through the blandishments of good fellowship.

Taucher (1993) tells us that: "Statistically, the average life of commercial enterprises is about 40 years – before they die or are absorbed". It is, perhaps, no coincidence that the average life-span of a business mirrors the length of one working life. However, this short corporate life-span is not just restricted to family businesses. Costa (1994) states that: "Very few non-family businesses survive. If you look at the top 500 [US] companies from 1945, less than 1 percent still exist". His research also shows that the vast majority of family businesses do not make it beyond the first generation.

But is there a discernible life-cycle to businesses?

Hsieh (1992) suggests that:

> Organizations age. As they mature habits of thinking and doing that once served them well become sacrosanct. They harden into custom, into tradition, whose existence is accepted and value unquestioned. Form triumphs over substance. Means become ends . . . Things no longer work. People feel a sense of malaise, but no real urgency to do anything about it.

Further to this Greiner (1972) suggests that current corporate problems "are rooted more in past decisions (that were correct at the time) than in present events or outside market dynamics". He goes on to develop two "developmental states" to describe phases in the process of corporate ageing:

(1) evolution: a prolonged period of growth when no major upheavals occur in organizational practices; and

(2) revolution: periods of turmoil in organizational life.

Greiner's thesis is that each developmental phase of the business sows the seeds of its own destruction, leading to a need for a revolutionary response. For him organizational structure and competences dictate strategy. From this starting point he develops a model of organizational development using five key dimensions:

(1) Organizational age: firms develop over time, practices change, corporate culture, stories and myths develop.

(2) Organizational size: business complexity, communication and control problems all increase with an increase in business size, new management levels appear and multiply.

(3) Stages of evolution: here Greiner suggests that most growing businesses, having survived some kind of crisis, experience a "quieter" prolonged period of growth followed by another setback or severe disruption.

(4) Stages of revolution: smooth evolution leads to a structure that no longer fits the needs of the business; this leads to "turbulence". If companies cannot abandon past practices they may fail, level-off in growth or be taken over by another organization with greater vision.

(5) Industry growth rates: the speed at which organizations experience the various phases they pass through is related to the market environment of the industry they are in. Industries where profits are "easy" may allow companies to delay revolutions, as was probably the case in academic publishing in the 1980s and early 1990s.

Phases of growth

Greiner (1972) then suggests that there are five phases of evolutionary growth, each with its own characteristic management style, followed by revolutions where such a management style is no longer appropriate. These growth phases are driven by the following characteristics of the business:

- *Creativity*. The founders are often technological/entrepreneurial and focus their attention on making/selling the product. This creative growth phase is followed by a crisis of leadership: somebody needs to manage the growing business.
- *Direction*. A capable manager takes control of the business, activities are separated, workers become more specialized and a hierarchy develops. This directive phase is followed by a crisis of autonomy: as the business becomes larger, lower-level managers demand greater freedom to act.
- *Delegation*. The organization is decentralized, profit centres are created with "management by exception" focusing on problem areas. The delegation phase is followed by a crisis of control: senior executives find that they are losing their grip on a highly diversified operation, so they seek to regain some degree of control.
- *Co-ordination*. Top executives look to foster collaboration between operating divisions, introducing company-wide control and review

processes. This leads to the next crisis, one of "red tape": line managers and central staff fail to communicate and agree, and all complain about the bureaucratic system that has developed which slows the business down.

- *Collaboration*. Cross-functional teams, continuous management development, a matrix-type structure and a focus on team performance characterize this stage of development. Social control and self-discipline take over from formal control systems, emphasizing "spontaneity in management action through teams and the skilful confrontation of interpersonal differences" (Greiner, 1972).

Greiner is unsure what the next crisis might be, but he is sure that it will come.

He sums up with three suggestions for managers in growing organizations:

(1) Know where you are in the developmental sequence. It is unlikely that you can avoid revolutions, but you need to know when they are coming.

(2) Recognize the limited range of solutions available at the current developmental stage. Different solutions are needed to problems at different developmental stages.

(3) Realize that solutions breed new problems.

Harvey and Evans (1994) have also developed a model for developmental phases that attempts to highlight areas of conflict that might arise in the development of a "family" business. They suggest the following progression to a growth "plateau":

- creative/definition phase;
- enterprising phase;
- stabilization phase;
- early growth phase;
- sustained growth phase; and
- plateau/maturity phase.

While the second model nicely matches the growth profile of MCB University Press, it unfortunately does not offer any real suggestions for action.

Why do businesses fail?

If life-cycles do exist, it is useful to look at research into why previously successful companies fail. Richardson *et al.* (1994) make use of a frog metaphor to analyse failure-prone organizations. The failure types are as follows:

- "boiled frog": a long-established organization which exhibits organizational characteristics of introversion and inertia;

- "drowned frog": a new organization that takes off early, making rapidly escalating profits and moving away from the core business – turnover increases but profits collapse;
- "bullfrog": an organization that never produces profits but consumes a great deal of money before collapsing; and
- "tadpole": the failed start-up.

The "boiled frog" offers useful insights into how a successful firm can move towards failure:

> [The] catastrophe build[s] up slowly while the existing management is busy looking after day-to-day business: a competitor steals its market share, demand for the product diminishes, lack of investment in new technology makes the company uncompetitive. When the disaster is finally unavoidable, they are too bogged down to know where to start to salvage the operation (Richardson *et al.*, 1994).

Taucher (1993) suggests that "inertia in mature organizations usually ensures that change is minimal . . . love of success prevents killing off the basis of past success. Nostalgia reigns supreme in mature successful companies".

This failure is caused by strategic drift. Johnson (1988) describes strategic drift as adherence to a traditional paradigm:

> The set of beliefs and assumptions, held common through the organization, taken for granted, and discernible in the stories and explanations of managers, which plays a central role in the interpretation of environmental stimuli and configuration of organizationally relevant strategic responses – while the environment is changing and demanding a different paradigm and new responses.

How can life-span be extended?

Porras and Collins (1995) have carried out research to ascertain what it is that companies which have been successful in the long term (defined as trading successfully for more than 100 years) do differently to other companies, and thereby seek to explain why they have succeeded and continued to succeed. They suggest that all of the long-term successes share:

- a mission;
- a vision; and
- an ideology.

They do not exist simply to make profits. Essentially, they never forget what they are in business to do. Underpinning this drive and vision, the companies have created heroes, stories, affirmations, exclusive behaviour, socialization, ideology-based training and corporate language. These tend to be facets of young organizations. As companies grow, many of those employed in them no longer internalize the vision (after all, it has been lost!), and they have no understanding of the corporate "ideology".

Peters and Waterman (1992) focus on the attributes that characterize excellent, innovative companies, suggesting that they are the ones that will succeed. Excellent companies will feature the following characteristics:

- a bias for action;
- proximity to the customer;
- autonomy and entrepreneurship;
- productivity through people;
- hands-on, value driven qualities;
- "sticking to the knitting";
- a simple form, with lean staff.

Organizational context and dynamics

To help flesh out the application of the business life-cycle model to MCB University Press, I will consider the industry in which the business operates and previous academic analysis of the company itself.

The publishing industry

The academic publishing industry has been a reasonably profitable, somewhat "sleepy" business for decades, with few changes having an impact on companies within it. With the recent rise of electronic publishing, falling budgets for academic libraries in mature western markets and the growth of academia in Asia, the industry is now likely to change rapidly.

A review by Dun & Bradstreet of the 1995 periodicals publishing industry in the USA shows it to be a highly fragmented one (with 10,817 companies in the market). While overall industry turnover was US$39.9 billion, the average sales per establishment totalled only US$6.1 million and the average number of corporate employees was just 22.

Barker (1993) suggests that the publishing world is dominated by three types of publishing house:

(1) the large corporation, such as Reed Elsevier with more than 1,500 titles;

(2) the traditional university press linked to a major university, acting as both a profit generator and a publisher of important, if non-commercial, academic research; and

(3) the small entrepreneur, including companies that tend to focus on a niche market and are usually run by the individual who founded the company; when that individual wishes to leave or the company reaches a size with which the entrepreneur cannot cope, such publishers tend to be acquired by larger publishing companies.

The statistics from Dun & Bradstreet would tend to suggest that a fourth publisher type, the medium-sized professional publisher, might also a viable option. In the USA 22 per cent of the periodicals market (by turnover) is currently taken by publishers employing between 100 and 499 employees.

MCB University Press

Wills (1993, ch. 15) considers ways in which MCB University Press has attempted to develop senior managers to facilitate the hand-over of control and, indeed, to ensure that they remain essential to any incoming owner of the business, should it be sold by the existing owners. The owners, who have always controlled, if not directly run, the business, have long believed that the business was a "learning organization", that it learned from experience. Senge (1990) has characterized this as the "delusion of experience".

In reality the owners found that, without them, much of the experience-based learning of the business would be lost. The owners held the key business competences, but the fact that they remained in post has stopped non-owner senior managers seeking to take over this role. With the owners considering retirement, "the future ownership of the enterprise had to be addressed. Either an outside purchaser must be found who believed the business was able to flourish without its elders; or the staff themselves had to perceive a future for the enterprise in which they could invest personally, and carry their bankers with them" (Wills, 1993, ch. 15).

As a result of two failed attempts to sell the business, a (mostly senior) staff trust fund (gifted 5 per cent of business equity) and a comprehensive management development programme were set up. These initiatives had several aims:

- to appease management disquiet over the ever present "danger" of business sale by making senior managers party to any sale proceeds;
- to make senior managers "more marketable" to any potential buyer or, indeed, in the wider job market; and
- to develop a senior management team able to take over and run the business.

There was a drive to develop "second-generation entrepreneurs". The owners realized that entrepreneurs had to be encouraged and nurtured within the business to achieve this. The structure of the business had always been designed to support the owners (the entrepreneurs) who focused on the editorial input and customer interface elements of the business, the areas that they understood. From there, "professional management [took] command and deal[t] with the organizational problems of success" (Wills, 1993, ch. 15).

The conversion of professional managers, who have in the past acted as implementors of the owners' vision, into the entrepreneurs/executives developing that vision is the crucial management challenge in the hand-over of the business to professional management. The first step taken to achieve this was selling managers the vision and then allowing them to carry it out without hindrance, judged against their key results areas.

Such a strategy called for high levels of restraint from the (often interventionist) owners and strong leadership in those areas where their control is best exercised, namely organizational frameworks and organizational structures. As Osborne (1991) points out, if senior managers are to be "set free", they must first prove themselves: they "must be empowered but they must also demonstrate their worthiness". However, if entrepreneurs are to develop within the business prior to succession, real power must be passed before it is too late. A very important role remains for the owner, that of "adviser/cheer-leader, occasional critic and corporate memory. [However] deciding must be left to the successor" (Osborne, 1991).

Action and experience-based learning is the way in which MCB University Press has chosen to develop managers within the business, with the owners helping the second generation to solve their problems via their own experiences. But was the company developing into a learning organization? Wills (1993) suggests that the evidence was that the "systems work was ad hoc, addressing only those areas where the market and customer-driven enterprise had been directly led by the elders . . . there was no shared vision of the enterprise's future".

To address these problems, tiered development programmes were set up to institutionalize learning which would include all members of staff. At the senior management level the focus was very much on developing leadership competences and easing ownership succession. Learning concentrated upon finance and information management, until that time almost exclusively the intellectual preserve of the owners, but vital for the transfer of leadership and eventual ownership.

So, having begun to empower managers, where does the business go next in the drive to transfer power? Wills (1993) suggests:

- the second generation need to discover/create an "enterprise identity" for themselves: dependence on the owners must be overthrown;
- owners should become mentors;
- owners need to delegate, not abdicate, disengaging in an effective manner;
- managers need to continually develop their managerial skills – Pedler (1982) suggests that few of these intrinsic skills can be taught, rather they must develop through experience, so opportunities to gain experience must be engineered; and
- managers need to develop their strategic thinking competences – know the business and its markets, manage the politics, find and overcome threats, stay on stream with strategy, be an entrepreneurial force and accommodate adversity.

In terms of succession planning Pedler suggests that few small businesses properly plan succession. They find it hard to engineer developmental opportunities within a small business sufficient to develop executive competences internally: "enterprise(s) can lay little claim to have consciously developed future successors by any intelligent approach that stretched their capacities for strategic thinking" (Pedler, 1982).

McCall (1988) suggests examples of such developmental experiences:

- starting a business or project from scratch;
- fixing or turning around a failing operation;
- involvement in special projects/assignments that were viewed as central to the organization;
- moving from a line position to a staff position or vice versa; and
- demotion, missing promotion or getting an undesirable job.

A logical developmental step for a business looking to grow internal entrepreneurs would be to separate into several autonomous business units.

Having tried to develop into a "learning organization", MCB University Press took the logical next step with International Management Centres and became an "enterprise school of management", authorized to run its own Bachelors, Masters and Doctoral programmes, thus developing managers within the business. As part of this authorisation, an audit of progress was carried out by Tom Reeves.

MCB University Press "mythology" would suggest that issues management is the way in which problems are addressed within the business, resources being directed to where they are required. This would suggest that the company is a task culture. Reeves (1996) suggests in his review that, while this is true close to an individual's functional area, the company reservation has boundaries: "Some of these relate to the owners' sense of prerogative regarding key business decisions . . . [and] resistance to criticism and challenge – problems which several felt good action learners should know how to cope [with]" .

One of the successful outcomes of these programmes has been that they allow development and promotion from within. This has allowed MCB University Press to:

- build a business with more capable people;
- grow from within;
- increase turnover;
- control costs;
- avoid the use of external consultants; and
- promote networking within the company.

A key doctrine within the business is to develop generalists from within. However, this has led to an insular culture with few publishing networks existing below owner level. This runs contrary to the thinking of Handy (1989), who suggested that "Organizations are changing . . . the days have gone when you went into the kitchens and worked your way up. Soon there won't be promotion prospects after thirty. People have got to be prepared to run their own operations – to be competent in all aspects of management".

To illustrate the point it is useful to consider corporate critical success factors. These are defined by John Rockard as "those things that must be done if a company is to be successful" (quoted in Freund, 1988). He suggests that they must be:

- important in the achievement of overall corporate goals and objectives;
- measurable and controllable by the organization;
- relatively few in number;
- expressed as things that must be done; and
- applicable to all companies in the industry with similar objectives and strategies.

The critical success factors of MCB University Press are as follows:

- we must have well-developed, highly motivated, skilled, flexible people world-wide who are willing to learn;
- we must have growth by acquisition, higher renewal rates and growth by new sales;
- we must have a customer charter and we need a high (appropriate) level of customer satisfaction;
- we must have data integrity;
- we must have information services and products of appropriate quality and content to meet customers' needs; and
- we must organize and structure the company to maximise our effectiveness in the market-place.

M. Wills (1995a) suggests that these critical success factors are inward looking and ignore the role of MCB University Press as part of a supply chain from authors via editors to libraries and back (often) to authors themselves. He then suggests critical success factors that better reflect elements that are crucial to the success of the business, starting with Pollalis and Grant's (1994) critical success resources:

- journal brands and subscribers;
- editors and their networks;
- back catalogue of information (articles and abstracts); and
- publishing expertise and systems of MCB and its suppliers.

From this starting point, he generates revised critical success factors:

- maximization of the "lifetime value" of existing subscriptions;
- achieving the optimal level and mix of new subscriptions;
- improving the content and prestige of journals published;
- reliable production and delivery of products to customers;
- providing customers with their preferred method of information access; and
- making profitable use of the "back catalogue" of information held.

It is in these areas that organizational competences must be enhanced.

Culture and structure

Corporate culture

Handy (1993) classifies organizational culture into four forms:

(1) power culture: a web with all authority radiating from the centre;

(2) role culture: a Greek temple with the top supported by functional pillars with a bureaucratic, hierarchical form;

(3) task culture: a network of strands with power residing at intersections of the strands; and

(4) person culture: a cluster of individuals using the organization to pursue personal goals.

In terms of interpreting organizational culture at MCB University Press this model can be used at two levels, namely, to examine the internal business dynamics and to include external "employees" of the academic publishing business.

When analysing internal culture, the "power culture" model would seem to have much to offer. In such a business:

> the organization depends on trust and empathy for communication. If the centre chooses the right people, who can think in the way that it thinks, they can be left to get on with the job. There are few rules and procedures, little bureaucracy . . . It is a political organization in that decisions are taken very largely on the outcome of a balance of influence rather than on . . . logical grounds.
>
> These cultures put a lot of faith in the individual . . . They judge by results and are tolerant of means. Often seen as tough or abrasive, though successful they may well suffer from low morale and high turnover in the middle layers as individuals fail or opt out of the competitive atmosphere (Handy, 1993).

Alternatively, looking at academic publishing houses as a core "service provider" for a wide academic network, the cultural implications are great. MCB University Press shifts from a business employing 160 staff almost entirely in Bradford to a truly international network business with a core in the

UK and "workers" across the globe. If editors are included in the head count of the business, then the number of "staff" increases to 320 and a cultural divide can be seen between two distinctly different cultures.

The academic network on the outside can be characterized as a "person culture". Handy suggests that in such an organization (or part of an organization), "the individual is the central point. If there is a structure or an organization it exists only to serve and assist the individuals within it". This is undoubtedly the way that many editors of journals published by MCB University Press see the role of the publishing house, as a facilitator of their desire to edit a journal. This perception is quite different to the internal view of editors who are often seen as "a nuisance" (for example, when they fail to get their copy in on time). "The kibbutz, the commune, the co-operative, are all striving after the person culture in organizational form. On the whole, only their original creators achieve any success" (Handy, 1993). In the case of MCB, this implies the original owners, who built a business with a core cluster of stars (former academics) who formed a nucleus of innovative partners. As partners have dwindled (from 50 to three), so the old structure of academics at the core of a business serving a network of academics shifts to a professional business making use of a network of academics. As Handy (1993) observes, "soon the organization achieves its own identity and begins to impose on its individuals".

This may be acceptable to those within the business, but it may well alienate those who merely see the business as a means to a personal end. Academics "often feel little allegiance to the organization but regard it rather as a place to do their thing with some accruing benefit to the . . . employer" (Handy, 1993).

Exploring the dynamics of the family business

The literature on family businesses focuses on a recurring theme: a successful owner-manager builds a successful enterprise and then, by failing to address critical business continuity issues, endangers the existence of the company. While there is evidence that the owner-managers of MCB University Press have considered this issue at length, it remains useful to explore this subject further.

Malone (1989) attempted to gauge how true this "failed succession" caricature of family businesses actually is. He postulated that six organizational characteristics would dictate the level of continuity planning undertaken and undertook research to ascertain if these were indeed the case. The results were as follows:

(1) There is a positive relationship between the size of the business and the level of business continuity planning. This was found not to be the case.

(2) There is a positive relationship between the level of strategic planning and the extent of planning for business continuity. This was found to be the case.

(3) There is a positive relationship between the level of perceived family harmony and the level of planning for business continuity. This was found to be the case.

(4) There is a positive relationship between the percentage of outsiders on the board and the level of business continuity planning. This was found to be the case.

(5) There will be a positive relationship between the age of owner-managers and the extent of business continuity planning. This was found not to be the case. Malone suggests that "successors may be disappointed if they expect the current owner-manager to begin planning for continuity at the appropriate time".

The implications of this for family businesses are that:

- a lack of succession planning is widespread;
- the acts of selecting, developing and communicating with successors are the actions that continue a business; and
- there is a strong link between strategic and continuity planning – it may be easier for family businesses to approach continuity planning via strategic planning rather than by tackling it directly.

Daily and Dollinger (1992) surveyed the differences between family-managed and professionally managed firms. The differences were discovered to be substantial, with the unification of ownership and control being found to lead to better performance. Substantial differences were noted as regards methods of control. The (usually larger) professionally managed firms were more prone to rely on formalized control systems while family-managed firms tend to rely on social methods of control.

Cromie *et al.* (1995) suggest that senior family managers in family businesses are more committed to the business than professional managers and so are likely to remain longer in their posts. This encourages a longer term focus, a characteristic which is encouraged in that (often private) family firms are seldom subject to close scrutiny from the financial markets, combined with the visionary focus of the founder(s).

There are of course problems. Particular amongst these are personal relationship problems. Levinson (1971) suggests that these interpersonal rivalries between owners can "have a chronically abrasive effect on the principles . . . [impacting on] every management decision and magnifying the jockeying for power that goes on in all organizations". Various family members set about gaining more power and influence and this often leads to "internecine warfare [which] constitutes a tremendous barrier to communication and frustrates adequate planning and rational decision-making".

One of the most intractable problems for the family firm is succession planning. Pare (1990) suggests that "every transfer of ownership and power in family firms is an opportunity for disaster". Cromie *et al.* (1995) suggest that management succession is rarely planned in family businesses. Lansberg (1988) suggests that this "unprofessional" behaviour is caused by an inability of the founder to come to terms with his own limited life-span. Alternatively, Levinson (1971) suggests that the business may be such a powerful source of pleasure to the owner that he or she may, unconsciously, care little about what will happen to it when they have gone. As a result of these problems "few proprietors can build a partnership with the next generation" (Leach, 1991).

Family businesses make less use of external advisors on the board than non-family businesses and management tends to be more intuitive:

> family firms are not [as] professionally managed as their non-family comparators . . . their organizations are flexible and react continuously to events in their environments. The omniscient owner ensures that key decisions are made rapidly and so long as the business environment remains reasonably simple, he can comprehend what is going on and make decisions rapidly in the pursuit of an advantage for the venture. Strategic formulation in small organizations tends to be the preserve of business founders with their vision clearly communicated to others and adjustments made rapidly as environmental conditions change (Cromie *et al.*, 1995).

Goffee and Scase (1985) agree, suggesting that while owners may discuss issues with others, the latter invariably come around to the owners' way of thinking. Cromie *et al.*'s (1995) research also indicates that first-generation family businesses are far less likely to plan for ownership or management succession than second- or later generation businesses.

The professional investor

So what is the alternative to the "family" or owner-managed business?

Healy and Palepu (1995) discuss the problems experienced by a newly listed fast-growing company, which, although successful, found that its share price declined. They argue that the company could not relate to market analysts, who took a sceptical view of the financial reports of the company. This resulted in a declining share price. Management responded by becoming more prudent, moving into line with what the market expected, and the share price responded. This highlights the fact that new organizational competences are needed when ownership becomes divorced from the business; those inside the business need to communicate with outside investors.

Mitchell (1994) agrees that it is essential for a business where ownership and management are divorced to keep shareholders happy, but states that most company boards are very poor at monitoring and managing investor attitudes. He goes on to outline key principles for managing investor relations, both internal and external:

- educating management and employees about how their decisions affect share prices;
- attracting a mix of shareholders who will provide the highest sustained price for a company's shares; and
- obtaining and analysing feedback from the investment community.

It is also possible to analyse how well the company is doing through use of various measurements of company/shareholder performance, such as profiling investors' reasons for buying and selling shares, analysis of historical trends in the share price, and quality targets for investor relations. Preis and Berbers

(1990) state that an investor relations strategy is essential. It allows companies to manage the performance and perception of their shares. By doing so they can benefit from the low cost of raising equity capital. In addition, by building the shareholder base to include stable key shareholders, the company can develop a strong partnership with the holders of equity, partially recapturing the owner-management link prior to the move towards professional management.

Bernstein (1992) argues that it is unfair to characterize stock markets as only interested in short-term profit. He suggests that professional investors will, in fact, pay a premium for research-oriented companies whose future earnings are expected to be high. Prahalad (1994) agrees, arguing that investors should focus on the ability of management to rise to the challenges of performance in the existing businesses, adaptation to structural changes in the industries in which they operate, and growth in new directions based on their resources and competences, rather than "poring over financial statements". He states that the role of top management is to create wealth for investors through the efficient use of their capital. They do this by the application of their competences and networks.

Managing conflict within the business

As has been discussed above, "family businesses" have a tendency towards conflict and MCB University Press is no exception. Is this helpful or a problem? General Patton once observed that "No one was thinking when everyone was thinking the same thing".

Having everyone participate in a decision, hopefully, means that a better decision will result, one that everyone will accept and work towards. When creative solutions are needed, debate can be useful as diverse team members can evaluate new and different ideas.

There are, however, problems. Amason *et al.* (1995) suggest that "decisions over important issues can breed a win/lose mentality, with political gamesmanship overpowering a view of what is best for the organization". They then go on to detail two principal conflict types, one constructive and the other destructive:

(1) C-Type conflict: cognitive conflict that focuses on the substantive, issues-related differences of opinion; and

(2) A-Type conflict: affective conflict that focuses on personalized, individually orientated matters – this type is detrimental to team performance.

Badaracco and Ellsworth (1991) agree, stating that "when people in the organization know that major as well as minor conflicts will be resolved frontally and on the basis of their merits – and that personal attacks are not acceptable – they will substantially reduce their tendencies towards politicising and bureaucracy". They do, however, temper this, suggesting that a prerequisite for the greater autonomy that comes from teamworking and conflict is the need to have a commitment to common objectives. At the end of a period of conflict, a decision must be made and a commitment given to collective responsibility, as "fuzzy decisions are confusing to people".

Harvey and Evans (1994) suggest that:

> family businesses are fertile environments for conflict. The conflict results in part from the dominant presence of the family, setting rules and having ultimate power, the lack of formalized systems and structures to deal with conflict, having no formal organization structure or operating systems, and the commingling of business and family roles.

The implications of corporate culture

E. Frank Harrison (1993) suggests that organizations will exhibit one of four decision-making models:

(1) rational (classical);

(2) organizational (neo-classical);

(3) political (adaptive);

(4) process (managerial).

Wills (1995a) suggests that MCB University Press has developed into a strongly reactive/political organization type. In the absence of unified corporate vision, issues management has developed into the dominant management method. With no history of strategic planning, a political process has sprung up to fill the void.

There are three key influences on the business culture:

(1) Family: the business is controlled by three "family" members.

(2) Power: two of the "family" members have become power sources at the centres of two separate webs. These two webs create friction where they overlap.

(3) Person: MCB University Press is a cluster of individuals in Bradford at the centre of a loose network of editors and editorial advisory board members. This network has banded together for its own ends. The members of the network owe their allegiance to the institutions, professions or employers for which they work, not MCB University Press.

Core business competences

Morgan (1988) argues that "the organizations that lead us into the twenty-first century will be those that build a competence mind set into everything they do . . . organizations and their managers should develop a capacity for self-diagnosis and self development on an on-going basis, so that they become competent at being competent".

What is a core business competence?

Hamel and Heene (1994) suggest that a core business competence, as distinct from a capability, must meet the following tests:

- it should be a bundle of skills rather than a single skill;
- it will be a "messy accumulation of learning", being made up of both tacit and explicit knowledge;
- it needs to make a disproportionate contribution to customer perceived value; and
- it should be competitively unique – it is not a core competence if everybody has it.

They suggest that core competences can be grouped into the following areas:

- market-access: those skills that put the firm in close proximity to the customer;
- integrity-related: skills that help a company to do things more quickly, flexibly or reliably than the competition; and
- functionality-related: skills that enable a business to create product functionality that delivers distinctive customer benefits rather than merely making them incrementally better.

Core competences should have a life-span longer than the products that they underpin, being intrinsic to the business not to the current product offerings of the business. As such these competences can be turned to any product or service that it is within the scope of the organization to provide.

Hamel and Heene (1994) go on to suggest that having explored these competences, businesses should aim to manage them by:

- selecting core competences: the management team need to understand what the required competences are (both those they have and those they do not have);
- building the core competences: the business should accumulate knowledge, networks and skills by internal development, through acquisition and by joint venture;
- deploying the core competences: aim to apply competences within the business in those areas with the greatest prospect for success, moving clusters of scarce skills to where they are required; and
- protecting core competences: competences are likely to be eroded by competitors and shifting customer and market demands.

In line with the organizational life-cycle model, core competences are derived from organizational development, history and culture; they have evolved, and will continue to, over time.

The object of this study is to provide a blueprint that will facilitate the stated aim of helping the business to remain independent and continue to grow with the current levels of profitability. To achieve this the business must remain flexible and adaptive, bridging the link in the supply chain between suppliers (authors and editors), consumers (the final reader) and customers (agents, librarians and the final reader).

As M. Wills (1995b) states,

> To retain a role in the publishing chain the company must add value as defined by our customers and suppliers. Publishing experience suggests that authors and editors are often not customer focused. Unpaid authors will [obviously] write articles to meet their own ends, editors, left to their own devices, may not publish anything if they feel no "worthy" copy is available or cease publication if they tire of editing (even if a demand for the product still exists).
>
> The traditional role of the publisher was simply to professionalize the publishing process. In the future the academic publisher will have to do better than that:
>
> - ensuring the quality of copy for all corporate titles (fitness for purpose); and
> - building a superb interface between the author/editor axis and the users of information, helping the consumer[s] to find the information that [they] need . . . quickly and painlessly.
>
> MCB University Press would appear to be ideally positioned to achieve this merging of primary and secondary publishing, being a primary journal publisher with secondary publishing experience . . . It would seem that the company's competitive advantage is knowledge. As a business we collectively know:
>
> - how to get an editor to edit a journal;
> - how to print journals;
> - how to promote journals;
> - how to launch journals;
> - how to add value to journals; and
> - how to make sense of the management literature (secondary publishing division).

Generic core competences

Richardson and Thompson (1995) have isolated characteristics of modern business along with the requisite organizational competences that are necessary to operate successfully in their generic environment:

(1) Trend 1: Towards larger operating areas. As business goes global, organizations need to build competences in environmental surveillance, understanding, looking to create partnerships and alliances through improved networking.

(2) Trend 2: Towards more, and more diverse, influences. Need to develop "helicopter visionaries" within the business to facilitate useful strategic overviews, empowered fast and effective managers, contingency planning and crisis management, and management based on ethics (a world view).

(3) Trend 3: Towards greater speed of change. Organizations need empowered people, to listen to their stakeholders, to dream about possible futures and implement them pragmatically, changing course where required.

(4) Trend 4: Towards greater external power and threat. Here Richardson and Thompson suggest that the business world is becoming one where catastrophe and chaos are normal. To survive in such an environment an organization needs:
   - to stay close to the aspirations of powerful stakeholders;
   - to monitor changing market situations so that the organization takes early notice of changing markets; and
   - to be responsive and adaptive.

(5) Trend 5: Towards greater competitiveness. Intensifying competition and new market opportunities require competences in areas such as:
   - devising competitive advantage-creating strategies;
   - getting close to customers (and suppliers);
   - reducing costs;
   - target setting/ratio improvement management;
   - ability to decide when to leave market-places and which new ones to move into; and
   - being innovative.

(6) Trend 6: Towards resource depletion and life-threatening pollution. Organizations need to become "greener", less selfish and introverted and less competitive (i.e. more collaborative).

So how can current performance be improved?

As a starting point we can draw upon the strategy literature, which suggests competences that are required by a "quality organization" (Deming, 1986), a "competitive organization" (Porter, 1980, 1985) and an "excellent organization" (Peters and Waterman, 1982).

Richardson and Thompson (1995) argue that:

> establishing and maintaining the necessary competences to achieve and sustain strategic success is the central challenge for strategic leaders today . . . Leaders will have preferred styles of management and their own expertise in particular competence areas is likely to be reflected in the organization's skill base. The natural tendency in organizations is for particular competences to be emphasised at the expense of others . . . The second half of the 1990s . . . will . . . demand all-round, high-level competence.

Stuart *et al.* (1995) sought to develop a framework of managerial competence that was generalizable across senior managers in the top teams of small to medium-sized enterprises (40-200 employees) based in Northern Ireland. They also sought to use this framework to allow assessment of individual managers and management teams, and looked for ways in which it could be used to build individual, team and organizational development plans. The research suggested 20 competence domains, which they define as "the areas of top team activity regarded as important foci for performance excellence".

These domains were as follows:

(1) making sound commercial judgements;
(2) developing the management team;
(3) strategic planning;
(4) developing competitive advantage;
(5) managing profitability;
(6) leadership;
(7) control of company finances;
(8) marketing;
(9) identifying and addressing new markets;
(10) dominating market niches;
(11) satisfying market needs;
(12) branding;
(13) selling and meeting sales targets and budgets;
(14) quality awareness and assurance;
(15) efficiency of operations;
(16) innovation;
(17) managing customer relationships;
(18) external awareness;
(19) technical skill development;
(20) management of human resources.

This list, with its focus on marketing, would seem to highlight the preoccupations of the successful small to medium-sized businesses reviewed. However, it does give some useful pointers to the key areas that management should focus upon.

The authors also point out that "competencies can and indeed must change over time in response to shifts in the marketplace . . . as well as in the internal dynamics of the company".

Executive development and leadership succession

Executive competences

Lane and Robinson (1995) detail the findings of a report commissioned by the Management Charter Initiative into standards of management development amongst senior UK management. In it they suggest that the role of the "executive" is to focus on "the span from the strategic to the operational . . . develop[ing] and implement[ing] strategies to further the organization's mission". They go on to outline areas in which executives must have competences:

- understanding and influencing the environment;
- setting the strategy and gaining commitment;
- planning, implementing and monitoring; and
- evaluating and improving performance.

Such skills form an iterative cycle constantly moving toward a shifting strategic and business environment.

So we now have an outline of what an "executive" does, but how does this differ from the role of a senior manager?

Pierce *et al.* (1995) carried out a comprehensive survey of UK senior management in a review of competence standards. One of the key areas on which their research focused was an analysis of the differences between the role of an executive and that of a senior manager. They found that vision, strategy and the management of the relationship with stakeholders were the domain of "executives". The vision of those "executives" is then implemented by the associated senior managers.

Garrett (1993) agrees, separating the act of "directing" from the act of "managing". He suggests that directors are part of a board that should be concerned with developing and communicating corporate vision, mission, strategy and structure. To do so requires them to build relationships with stakeholders and to supervise those managers who implement strategy. He argues that to achieve such objectives directors should have:

- a reflective orientation;
- an external focus;
- a long-term time horizon; and
- a holistic view of decision making.

However, the evidence from research carried out under the Management Charter Initiative is that many senior managers do, indeed, focus on "getting things done". They manage rather than direct (Lane and Robinson, 1995). Garrett (1993) suggests that many directors may have "abdicated" their direction-giving role, preferring to focus on what they did prior to becoming executives: their familiar management role.

Garrett's point that directors need to be team players as part of a wider board is taken up by Pierce (1994). He observes that much of a director's output occurs at the board level as part of the executive team. He suggests that key team qualities are required for the four directorial roles (chairman, chief executive/managing director, executive director and non-executive director). These are the ability to:

- process information;
- take strategic perspectives and decisions;
- communicate information;

- interact with others;
- manage resources; and
- achieve results.

Stuart *et al.* (1995) expand on these key executive abilities. Starting with a definition of personal management competences as "integrated sets of manager behaviours which can be directed towards successful goal achievement in the competence domains", they develop 20 generic "core competences" for individual managers:

(1) flexibility, ability to change;
(2) foresight, strategic planning;
(3) having a focused mind;
(4) fearlessness, tenacity, drive, dedication;
(5) understanding outside forces;
(6) leadership ability;
(7) problem-solving capabilities;
(8) honesty with oneself;
(9) being adventurous financially;
(10) ability to sell ideas;
(11) communication skills;
(12) initiative/flair;
(13) being able to create good profit margins;
(14) global awareness;
(15) ability to motivate;
(16) financial assessment skills;
(17) advertising skills;
(18) ability to identify customers' needs and expectations;
(19) ability to assess people and their fit in the organization; and
(20) ability to socialize easily.

Entrepreneurship and "professional" managers

As a means of developing leadership potential within an organization, the encouragement of in-company entrepreneurship or intrapreneuship is often cited. Kanter (1989) suggests that two key questions have to be answered before professional managers can be truly empowered:

(1) Who has the power to start or block innovations?
(2) Who receives the financial returns?

Currently within MCB University Press the answer on both counts is the three owner-managers at the strategic level. However, a senior staff trust fund is in place and a great deal of the ongoing operational activity is completely devolved to the relevant managers. Payments are not, however, made on a results basis.

Watson (1995) argues that the characterization of the growth of companies as a transition from entrepreneurialism to professional management is dangerous and potentially misleading. He claims that effective management, in whatever type of business, must encompass both entrepreneurial and professional elements. If this is not the case, there are dangers for senior executives within an owner-managed business when they become "professional executives". It may prove uncomfortable to be answerable to "professional investors" driven by financial return with no empathy with the business.

In the drive to develop intrapreneurship, Kuratko *et al.* (1993) identify four critical elements that can be found in entrepreneurial businesses:

(1) specific goals that are agreed by workers and management;

(2) a systematized feedback and positive reinforcement process to reward potential intrapreneurs;

(3) an emphasis on individual responsibility and trust; and

(4) rewards based upon results.

Sykes and Block (1989) go on to suggest six characteristics which are present in those companies that innovate successfully:

(1) atmosphere and vision: innovative companies know what needs to be done to remain innovative;

(2) market orientation: the vision will be focused on market need;

(3) small flat organization: a flat organization and small teams;

(4) multiple approaches: encourage parallel development of different projects;

(5) ongoing learning: cutting across functional areas and into the business environment; and

(6) skunkworks: making use of innovative teams outside the mainstream business.

Leadership and following skills

Adair (1988) focuses on the crucial difference between "leading" and "managing".

> Leadership is about a sense of direction. The word "lead" comes from an Anglo-Saxon word, common to north European languages, which means a road, a way, the path of a ship at sea. It's knowing what the next step is . . . managing is a different image. It's from the Latin manus, a hand. It's handling a sword, a ship, a horse.

He suggests that leadership is about inspiring others, communicating enthusiasm and building teams to implement the vision. While "you can be appointed a manager, you are not a leader until your appointment is 'ratified' in the hearts and minds of those who work for you".

Bennis and Nanus (1985) concur: "Managers do things right. Leaders do the right thing". They define leadership as "the capacity to create a compelling vision and translate it into action and sustain it", focusing on four key traits of leadership:

(1) vision: providing the bridge between the present and the future of the organization;

(2) communicating and translating the vision into successful results;

(3) trust: the emotional glue that binds the organization together; and

(4) self-management: continual learning.

Richardson and Thompson (1995) outline several leadership types and detail the competences that they suggest are required to fulfil each of these individual leadership models:

- Classical administrator: focuses on planning, establishing and maintaining order. Such leaders have competences in planning and controlling, target setting, organizational structure design and "scientific" engineering.
- Design planner: needs competences in longer term vision, developmental planning, anticipating future scenarios and creating formal business plans.
- Political leader: competences include negotiating, politicking and network-building skills. These skills when focused outside the organization offer scope to build external networks with corporate stakeholders.
- Competitive positioner: with competences in understanding stakeholder needs and marshalling corporate capabilities to provide least cost/ differentiated market positioning.
- Visionary transformer: has competences in providing a theoretical base for future development, and is a shaper of organizational culture, looking to develop people-centred approaches to leadership.
- Learning organization leader: with competences in facilitating learning communities.
- Crisis avoider: needs the ability to isolate strategic dangers and to engineer an avoidance strategy.

Richardson and Thompson's analysis continues by explaining that organizations need access to all of these leadership skills in the market-places in which they compete. They go on to suggest that senior management development programmes should focus on building "rounded executives" with the competences found in all of these leadership types.

Alternatively, Mintzberg (1990) suggests that the modern organization particularly needs visionary and learning competences, together with the ability to help guide strategic business development. He argues that these, together with shock-event (crisis) skills, are essential to supplement the more deliberate design-planning skills.

In this leadership model, strategic development is the crucial leadership role:

> Strategic evaluation needs to become a process of identifying, measuring and improving important organizational competences rather than merely a process associated with . . . one point in time. The primary task of the strategic leader, from this more holistic viewpoint, therefore, becomes one of continuously measuring and improving his organization as a multi-competence system.

Harvey and Evans (1994) also explore the question of the type of executive behaviour that leads to an organization that excels. They suggest that the key for executives is "integrity . . . a consistency and coherence among what they believed, how they managed and the kinds of organizations they wanted to build".

In summary, successful leaders tend to know where they are going, can communicate their vision of the future and can enthuse stakeholders and staff to follow.

Succession planning

Even the most successful companies can have problems when attempting to manage management succession. The Walt Disney Company was recently shown to have an "inadequate" succession plan. The death of Disney's president, heart surgery on the chairman and a lion mauling the chairman of Walt Disney Studios within four months caught the company unawares. In light of such events it would seem essential for all organizations to have a comprehensive management succession plan.

So why do so few organizations create a succession plan?

Churchill and Hatten (1987) focus on the "biological imperative" of ageing as a reason why executives fail to plan for business succession. In organizations where no external investor pressure is brought to bear, the owners, accountable only to themselves, see no great need to plan for a time when they are no longer around.

Amongst companies where ownership and management are divorced, this key organization issue is beginning to be addressed. Van Clieaf (1995) suggests that, "As a result of the 'activist' institutional investor, succession [planning] is now in the top five priorities for many chief executive officers". He states that institutional investors now expect professionally managed companies to adopt "best practice" when addressing the need for succession planning and executive development. Quoting a recent survey that emphasized training, development, management succession, and raising workforce skills as the main preoccupations of chief executives, he finds the top priorities at board level to be:

- executive salaries;
- shareholder value;
- short-term earnings;
- cost competitiveness; and
- management succession.

Van Clieaf (1995) suggests that the key to effective succession planning is a committed approach to executive resourcing utilising "talent pool management". He argues that this strategic management of staffing must start with the business context. Clearly best practice in one company will not be directly transferable to another organization. However, there are some common practices in succession and executive resource planning that are applied across many "high performing" companies. Amongst these are:

- the chief executive "owns" the process;
- the process is designed to fit the organizational culture;
- the process is integrated with business and organizational planning;
- a competence-based approach is used to describe and assess requirements for key jobs;
- the succession and executive resourcing processes are integrated; and
- process credibility amongst managers is developed by demonstrating that the process works.

The essence of "talent pool" management is the integration of strategic staffing, talent assessment, replacement planning, talent development and performance management. Van Clieaf suggests that the process of assessing and measuring leadership potential is often the "weak link" in such a developmental model. Chief executives suggest that they have great problems when selecting which of the (internal) senior management team will make the best chief executive. They make mistakes when selecting and promoting managers to these roles of higher levels of leadership complexity. Acknowledging this fact, many chief executives would suggest that their commitment and involvement in the executive resourcing and succession planning process are the most important factors in its successful implementation:

> Promotion, key appointments and succession planning are the most crucial elements in the organization's future. These activities are a true leader's domain (Max Depree, Chairman, Herman Miller, as quoted in van Clieaf, 1995).

> I am convinced that nothing we do is more important than hiring and developing people. At the end of the day you bet on people, not on strategies (Larry Bossidy, Chief Executive, Allied Signal, quoted in van Clieaf, 1995).

The competences required for effective leadership must be specific to each individual business context. As such the executive resource and succession planning process starts with an identification of the business context. Without such a review of corporate competences, any programme of executive development will be divorced from the needs of the business. Thus the resourcing process must start with the business context and focus on the key roles.

Van Clieaf (1994) has identified four key drivers of strategic leadership that link leadership competences to the business context, namely:

(1) organizational culture and values;

(2) strategic intent;

(3) stage of organization development (corporate life-cycle phase); and

(4) key success factors.

Using executive resource competences as a strategic tool, job specifications can be developed. From this starting point it is possible to build a strategic human resource plan. Changes to corporate structure, tasks and the competences required now and in the future can be ascertained.

Those in post may be wary of competence reviews of their own skills. It is more politic to identify key roles (and not those in them) and then to audit the specific tasks and related competences that make up that role. Individuals within the business can then be developed accordingly and competence requirements can be drawn up should the role ever need to be filled from outside.

Rowbottom and Billis (1977) suggest that individuals work at distinct "work levels" within organizations. They propose a model featuring three distinct work levels along with the different associated outputs and value added at each level:

(1) first work level (front line) – prescribed output work;

(2) second work level (manager) – situation responsive work, managing the first work level;

(3) third work level (director) – setting the context and goals for the other two work levels.

In the light of such analysis it is important when carrying out a competence audit to remember that each of the ascending work levels requires individuals with different competences if they are to perform effectively. The mental models of leaders and their ability to conceptualize must change in the light of the work level at which they are operating.

Those at the operational level will focus on meeting current customer needs. Directors and those in charge of strategic business units operate in the "innovation domain": they focus on stakeholders now and (say) for five years into the future. The highest leadership level, chairman or chief executive, should be operating in the "strategic domain", focusing on meeting the needs of societies at (say) five to ten years or more into the future.

Meeting the needs of customers, as opposed to stakeholders, or indeed, an entire society, demands very different mental models in terms of breadth and depth of leadership experience and perspective required. Creating these stratified (and different) leadership capabilities at all levels of the business is the key to successful executive resourcing and a successful executive development strategy.

In the drive to develop leaders with the requisite competences at all leadership levels, "talent pool" assessment should appraise individuals on the basis of past performance, future potential, executive development and readiness. It is important to differentiate between assessing and developing for performance in the existing job, as opposed to potential for a new role at the same work level or potential to move to the next work level of greater leadership complexity.

Growing a strong "talent pool" will take years of testing and development of its members at each work level. Eventually, however, the organization should arrive at a group of executives capable enough to take on senior roles. While "talent pool" members may be outstanding performers at work level two, the implication of the model is that they may be risky candidates for promotion to the highest level. The work level approach provides "scientific" promotion criteria from one work level to the next, giving a blueprint for development and succession planning.

To implement such a work level appraisal system, developmental plans need to focus on development for the existing role along with development for possible future roles, utilizing key leadership development drivers:

- challenging job assignments;
- constructive feedback;
- training and executive education; and
- off-the-job learning.

To achieve this organizations need to:

- link the performance assessment process to the "talent pool" review;
- differentiate between potential for another role at the same work level and the potential to move to a higher level of leadership complexity;
- consider role readiness, identifying the match between a new role and the individual's competence; and
- use leadership development drivers for development planning.

There are problems with comprehensive succession and executive resource planning systems, including the fact that the time taken to manage the process may be seen as excessive, and if "talent pool" assessment is not used to drive key staffing and development decisions, succession planning will be seen as little more than a paper exercise.

However, if businesses wish to enhance core leadership competences, the first step is a combined system that integrates a number of business, organizational and human resource processes. This shift from succession planning, which has a gained a bad reputation, to an integrated approach of executive and management resourcing, can then ensure that the right developmental opportunities are available to create the required future leadership capabilities.

Re-engineering the business

To facilitate the perpetuation of the success MCB University Press has achieved in the past 15 years, the business could be re-engineered according to one of the models suggested by Taucher (1993):

- do it yourself: using internal expansion/extension;
- buy it: using acquisition as a means of acquiring new skills, markets, products and technology;
- find partners: using alliances as a means to move beyond your own base of know-how;
- build entrepreneurship within the business; or
- spin off new businesses building a *kereitsu* or network.

MCB's historical development

From university press to professional publisher

MCB University Press was the brainchild of a large group of young management academics at the University of Bradford in the late 1960s. It was originally set up as a vehicle for their consultancy work but soon switched into journal publishing. There were originally 50 academic members of the company.

By the mid-1990s only three academic partners remain, with the two principal driving forces within the business nearing retirement. The business has flourished, developing from its early operations in a corner shop opposite the university, to a company managing more than 140 journals and CD-ROM database products with a turnover in excess of £16 million per annum. The company has grown and evolved, yet control is still with the remaining entrepreneurial founders of the business.

Using Greiner's (1992) corporate life-cycle model the progression of MCB University Press from a consultancy company for university academics to a "university press" (a collection of companies in the early years) to a professionally managed publishing company, can be characterized as six stages, namely as a company run by:

(1) academic consultants (1967-1970);

(2) owner-manager-editors (1970-1977);

(3) owner-manager-publishers with internal and external editors (1977-1985);

(4) owner-managers mentoring publishers with mostly external editors (1985-1990);

(5) owner-managers with divorced "professional" publishers and editors (1990-1994); and

(6) owner-managers with no publishers and divorced editors (1994 to date).

Over a 30-year period the business has gone from an academic collective serviced by a professional publishing support company to a professional publisher without academic networking competences: the business has lost its academic heart.

Creativity phase: the collective

During this initial phase in Greiner's (1972) model of evolutionary growth, the founders of the business were first consultants and then owner-manager-editors.

The founders initially focused upon personal consultancy contracts, then once the company moved into publishing, journal content and selling the product. Between 1970 and 1977 "MCB University Press" was a collective of small academic publishing companies that had been set up by the respective editors of various journals. MCB Managerial Services Limited (which eventually became MCB University Press) was a joint venture owned by these 14 separate companies providing the 50 academics with co-ordinated administration and secretarial services, and a promotions "unit trust" into which each of the 14 companies could "invest" any money they wished in equity to pay for an annual promotional joint-venture; this spent money jointly promoting into what were deemed to be the best markets.

This was an excellent example of Handy's (1993) person culture: a collective. It is analogous to the way in which Wiley's, Elsevier in the Netherlands and numerous small entrepreneurial publishers currently operate.

This creative growth phase was followed by a perceived "crisis of leadership". It was felt that the existing structure was going nowhere, there was a need for somebody to lead and manage the growing business, and a need to "professionalize" the equity structure.

Direction phase: the creation of MCB University Press Limited

During this phase the founders were owner-manager-publishers with internal and external editors.

A non-owner manager took control of business operations. Where once everybody "mucked in", activities began to become separated, with staff becoming more specialized.

In 1977 MCB Managerial Services bought out all the individual journal publishing companies for shares in the main business. The co-operative was over; the single company had arrived. Ten equal partners were left.

In 1981, MCB University Press, still an inexperienced enterprise, made a significant (and disastrous) acquisition, buying what turned out to be an insolvent computer publishing company. The company almost went into liquidation and ran out of the money needed to print and promote journals. An extended line of credit from its printers saved the company when the bank would not. The ten shareholders were asked to put in additional capital; four declined . . . so then there were six owners.

As the business grew, it had to be put on a professional footing and control had to be delegated: Greiner's "crisis of autonomy". Independent publishing "missions" grew from the separate companies that had been amalgamated.

Delegation phase: "let a thousand flowers bloom"

During this phase company turnover rose by 600 per cent.

The owner-managers started as owner-manager-publishers, then delegated their publishing role to professional publishers (whom they mentored). At the end of the 1980s the company had four executive publishers, two from outside the organization who have both since left the company. As the mentoring weakened, the owner-managers became disillusioned with the publisher role and eventually abolished it. During this period editors became increasingly external to the business.

By the early 1990s the organization had become decentralized with several autonomous profit centres: the "missions" structure characterized by owner-managers as a joint-venture/feudal baronies type of model. Each of the missions was headed by an owner-manager and operated with a high level of autonomy, although the board has final approval of company policy. Each mission could pursue whatever publishing strategy was favoured by the owner-manager who headed the mission. Barker (1994) gives an example: "the marketing professionals . . . and librarians mission[s] sought profitability through high prices . . . the human resources mission went for low prices and high market penetration".

In the late 1980s the structure of the company, although owner-publishers were much more empowered, was analogous to the way in which Elsevier in the UK currently operates. It was made up of a collection of strategic business units.

As owner-managers pulled further back from the business, the publisher role was taken on by non-academic professional managers. The "professional publisher" model did not work, so publishers were removed entirely and the business was left with managing editors managing the flow of copy. Attempts have been made to de-skill the publisher role, but the grasp of editorial direction within the business had been lost.

Perhaps the lesson to be learnt here is that when professional managers replace entrepreneurial owner-managers the structure and associated support systems need to change to reflect the different competences of the new incumbents.

In 1994 missions were abolished and the promotion and editorial departments were separated. The crisis of control had well and truly arrived and the business was moving towards co-ordination, the phase into which the organization is moving in 1996. The former chief executive states: "I believed the collapse of the feudal system in the early nineties, the 'five year debate' on selling out . . . and the emerging new order, required a focused process of co-ordination. And I still do. Yet it has to be focused co-ordination that does not seriously undermine the empowerment culture . . . [which has] kept the unit of decision making and action relatively tight as the enterprise grew in size" (G. Wills, 1995).

Assessing the status quo

Porter (1980) suggests that there is too much introspection in organizational processes. To understand the business context it is essential to look at the competitive environment faced by the organization. This is "traditionally" seen as being the social, legal, governmental, consumer, competitive and supplier interfaces. However, Porter suggests that the key areas that we should focus upon are:

- the consumer;
- competition; and
- our current and potential suppliers.

In order to explore the organizationaI context in which MCB University Press operates and how core competences are currently distributed between the owners-managers and elsewhere within and outside the business, I used a questionnaire to gauge the views of senior managers and directors. I followed this up with interviews with Gordon Wills, the former chief executive (who, at the time of writing, was still an owner), and other owner-managers, and also interviewed a manager formerly employed by a major external publisher (Elsevier with operations in the UK and the Netherlands) to provide a market context, to explore views on the distribution of organizational competences within and outside the business. The following questions and answers give an indication of the status quo prevailing within the company at the time of writing.

Industry and company context questionnaire

Please detail your impression of the split of "value added" by each of the following parties in the article supply chain from author to final user.

This first question aimed to ascertain the views of senior managers as to who adds value in the article supply chain. The clear answer was that most of the value added to an author's original article comes from those who edit academic journals and the editorial advisory board members who review the articles (see Figure 3.1).

Please detail your impression of the split of revenues accruing to each of the following parties in the article supply chain from author to final user.

The second question looked at who makes money from the process of disseminating academic information. It was felt that most (a disproportionate amount) of the monetary rewards from the publishing and dissemination process accrue to the publisher (see Figure 3.2).

While the focus of this question was on the monetary rewards for those in the supply chain, a point made by several managers was that for both authors and editors the prime motivation is the dissemination of ideas, this being

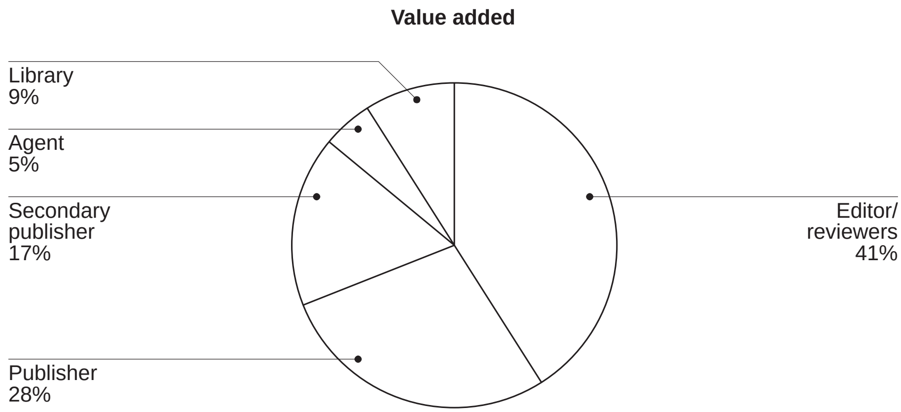

Figure 3.1
Value added in the publishing supply chain

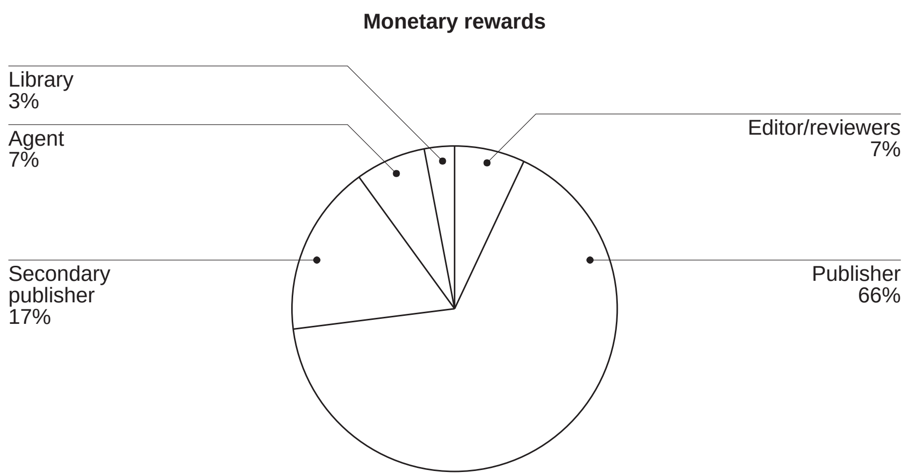

Figure 3.2
Monetary rewards from publishing

crucial for academics in the advancement of their careers. When MCB University Press was started in the late 1960s by a group of academics who wanted to get into print, this was the objective of the publisher as well as the editors and the authors; they were one and the same.

Interestingly, it was felt that the rewards to secondary publishers were far more in line with value added than those for the publisher itself.

What does a publisher do that can't be done by others in the article supply chain?
Question three attempted to gain information as to what it is a publisher does. Senior managers suggested the role of the publisher is:

- making investments and taking the risk;
- the provision of a regular supply of the product (dictated by the profit motive and the need to "earn" subscription income);

- to utilize information technology to add value by restructuring and recombining information for different purposes;
- raising awareness of the journal, by promoting to a wide audience (although not disseminating to a wide audience(?));
- to enhance commercial viability through profitable publishing, for example the collection of subscription revenue and advertising moneys;
- to co-ordinate production, distribution and copyright; and
- packaging information to make it more accessible, utilizing keywords, abstracts, cumulative indices and searchable CD-ROMs.

One respondent made the telling point that, "none of the above can't be done by others, it's a question of how well".

What do we "value" at MCB University Press?
The internal factors that senior managers felt are valued by the company were as follows:

- expedient quality;
- profit;
- internal management development through action learning;
- staff with "great attitude", who are prepared to learn and risk;
- the dissemination of information;
- international content; and
- intellectual challenges.

External factors valued by the company were said to be:

- editors (who generate timely, high-quality material) and their networks;
- authors; and
- customers.

Interestingly, only three of the nine responding managers mentioned the customer and one of those stated that while the company did value customers, it did so "perhaps not as highly as [it] should".

Another telling point was that only one manager mentioned quality and that manager felt that MCB only valued "expedient quality".

Does MCB University Press have a vision? If so, what is it?
Senior managers articulated strong messages as to the corporate vision:

- to maintain profitability by exploiting key strengths and grasping new opportunities;
- to disseminate knowledge and management intelligence profitably;
- to make more profit;

- to ensure quality articles in quality products to underpin price;
- profitable growth;
- to be a "world-class publisher" of high-quality primary and secondary publications made available using the most appropriate media at a profit margin equal to or greater than currently achieved.

The core vision would seem to be a reasonable one: to improve what the company does in order to increase profitability.

What, if anything, makes MCB University Press distinctive and successful as a publisher?
Responses suggested that the company has competences in the following areas:

- an understanding of the marketing fundamentals – promotional spend and renewals;
- the provision of a flexible link between academia and practitioners;
- its relationships with editors and authors;
- courage: the ability to maintain aggressive pricing, acquisitions and marketing policies;
- the ability to publish in small numbers into niche markets profitably;
- being arrogant;
- a commitment to ever-increasing product value allied to an understanding of techniques for developing the portfolio; and
- high margins that give the company the scope to "indulge" in non-core activities to justify its existence.

Who are our competitors?
The final question of the initial questionnaire asked senior managers to suggest other organizations against which the company competes. They responded:

- conferences;
- major publishers (for some titles);
- possible "new" publishers (such as Microsoft);
- in the future, anybody who exchanges a similar type and quality of information electronically;
- those who sell the article as the "unit of currency" rather than the journal; and
- library agents creating "data warehouses".

Core corporate competences

The follow-up interview attempted to gain an understanding of those areas that managers felt were to be core business competences and how important the role of the current owner-managers is in those core competences. The "core competences" were selected following a review of the results of the context questionnaire. All senior managers and owners were asked whether they felt any of the suggested competences were not core or whether there were any additional ones that they thought should be added. One suggested that strategic vision should be added and that the owner-managers would feature highly in such a competence.

The results obtained suggest that the key roles for the owner-managers are as follows:

- "Academic ghosts": in order to retain credibility as a pseudo university press, many managers felt that it is important that senior managers within the business can relate to academic editors at an academic level. This the owner-managers, and they alone within the business, can do. One problem with this view is that it may now largely be a "corporate myth". The owner-managers no longer spend much time fulfilling this role.
- Strategic vision: currently the vision of the business is driven by the owner-managers.
- Final arbiters: the "chief executive" role of making decisions between competing options (no chief executive currently exists at MCB).
- Entrepreneurs: one of the owner-managers suggested that the owner-managers are a team of business entrepreneurs who in the past were academics.

The ability to source "higher quality" content for MCB products

The first competence reviewed considers product content. While the owner-managers may have been able to source "quality" content in the past, their role in this area is now minimal. Managers felt that while this competence is essential to the business, it is an area in which they have little control (see Figure 3.3). Comments included:

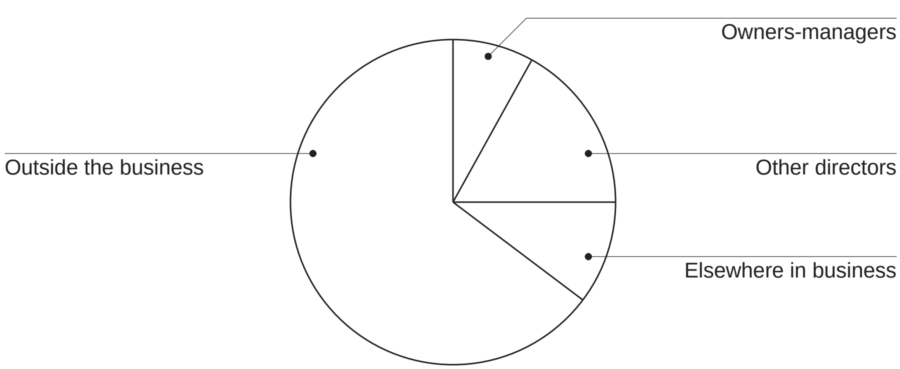

Figure 3.3
MCB's ability to source "higher quality" content

- "We are totally dependent on the editors for quality copy".
- "What is quality? Fitness for purpose. But who are we aiming our content at in the next ten years? Esoteric academics or academics who want to talk to practitioners and practitioners who want to listen?"
- "This is an external thing. As publishers we must help editors to develop their quality content gathering competences and provide them with whatever support mechanisms we can. If they are incapable of development they must be replaced".

"Professional" initiatives have been put into place in an attempt to de-skill the process of nurturing the academic supply chain. These include:

- Literati Club database of almost 10,000 past authors by subject area. Editors have access to this database, from which they can obtain contact names when issuing a call for papers or when launching a new journal.
- A review of authors from "centres of excellence" (as defined by the editors) has been used to "seed" the Literati database with additional authors from institutions that MCB wants to see published more often.

The ability to provide regular supply

The second competence relates to the regular production, management and distribution of hard-copy and electronic products. Again owner-managers have a minor role in this competence, most of which resides either outside the business with the company's suppliers or below directorial level (see Figure 3.4).

The ability to sell hard-copy and electronic products

The third core competence does reside more with the owner-managers (see Figure 3.5). This is because one of them is a lapsed marketing academic and takes a keen interest in product marketing. Comments included:

- "We have competences in selling paper-based products. This competence is analogous to the competence of railroad companies in the 1920s to run railroads. They were good at it but it's a historical competence".

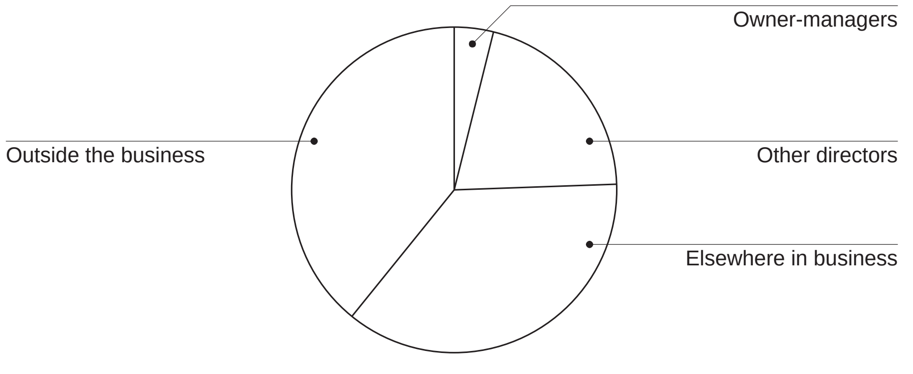

Figure 3.4
MCB's ability to provide a regular supply of its products

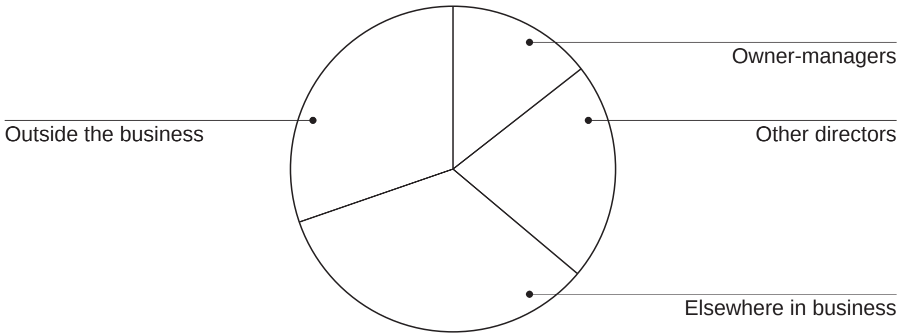

Figure 3.5
MCB's ability to sell

- "We have to start to learn how to ally with others to sell in different ways".
- "We can sell paper journals but have few competences in selling electronic products (yet)".

The ability to fund and develop new journal launches
Most senior managers felt that this was a competence that was not particularly important for the success of the business, at least in the short term. Rather it was felt that the emphasis should be on exploiting the existing portfolio of titles more. While this is not a major competence it has now been largely devolved to one non-owner director (see Figure 3.6).

The ability to increase product value continually as journals mature
While new launches are not particularly profitable, enhancing existing products is essential to the business. Much of this competence has, again, already been devolved away from the owner-managers (see Figure 3.7).

The ability to acquire journals and electronic products
Acquiring journals ready for "enhancement" has long been an engine for business growth. While this competence used to lie with the owner-managers, it

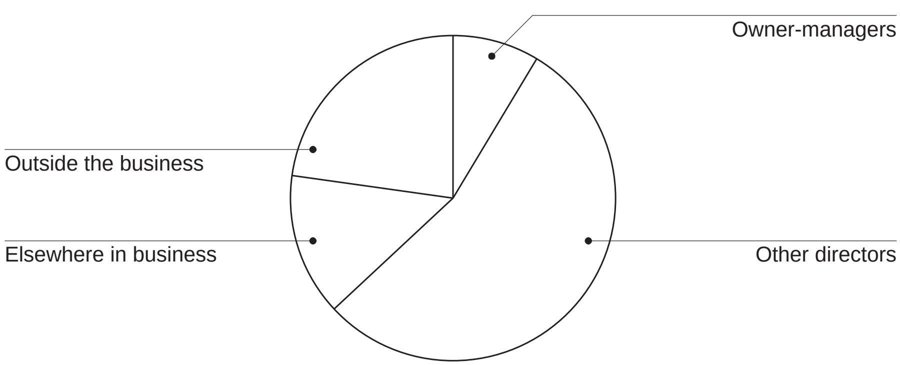

Figure 3.6
MCB's ability to launch new products

is now the domain of a senior non-owner director (see Figure 3.8). She states that in future the process of sourcing acquisitions will increasingly be devolved to acquisitions brokers outside the business, paid commission on results.

The ability to make multiple use of current and past content by restructuring, recombining and "repurposing" information

While part of the vision for multiple use of content comes from the owner-managers, again much also comes from elsewhere within (and outside) the business, as does all the implementation (see Figure 3.9).

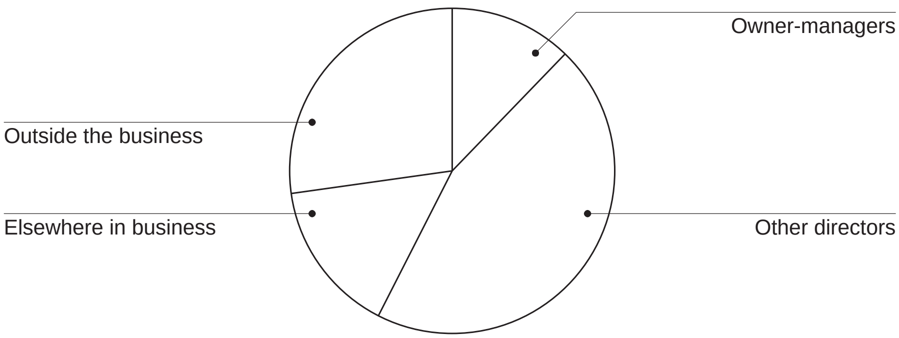

Figure 3.7
MCB's ability to increase product value

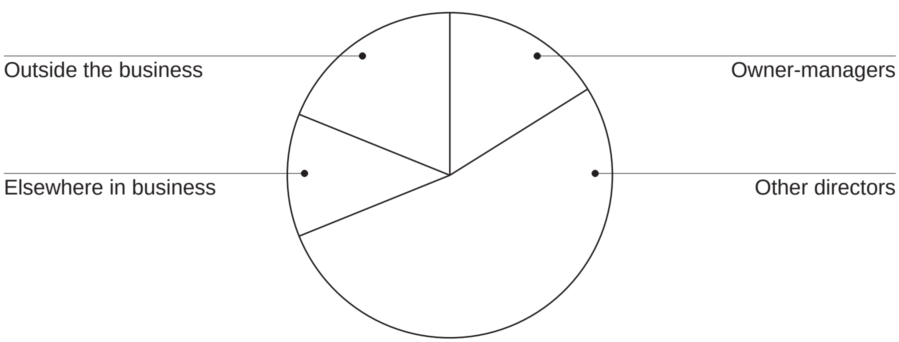

Figure 3.8
MCB's ability to acquire products

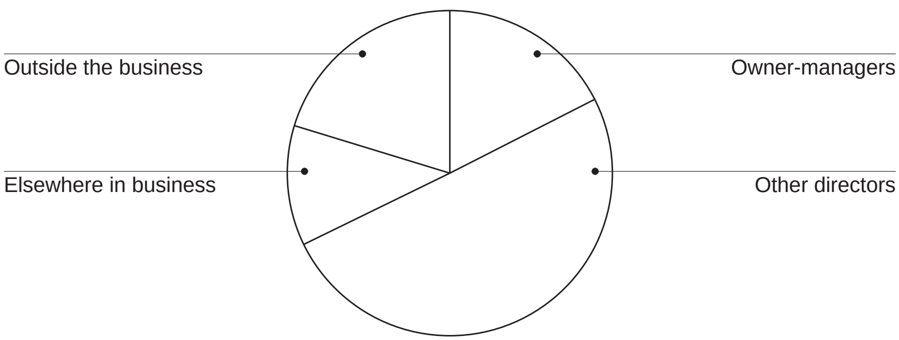

Figure 3.9
MCB's ability to restructure, recombine and "repurpose" information

The ability to make sense of the literature (secondary publishing expertise)
There is a widespread business appreciation of the purpose of and processes involved in secondary publishing (see Figure 3.10). Comments made included:

- "The business 'understands' secondary publishing. As such we have redeveloped the Anbar product, making it more useful".
- "Our external abstractors are the ones with the competence; we manage the process. As information overload grows worse, Anbar must become the Egon Ronay guide to the world's management literature".
- "Owner-managers understand the process and drive strategy; professional managers implement the vision".

The ability to maintain a good relationship with our customers
The owner-managers have no involvement with this competence (see Figure 3.11). In fact several managers felt that this was a competence that the company does not have. Their comments included:

- "This must come via library agents and the Literati Club if we start to use it as a sales tool".
- "We need to develop customer relations through managing intermediaries (such as agents) and build alliances".

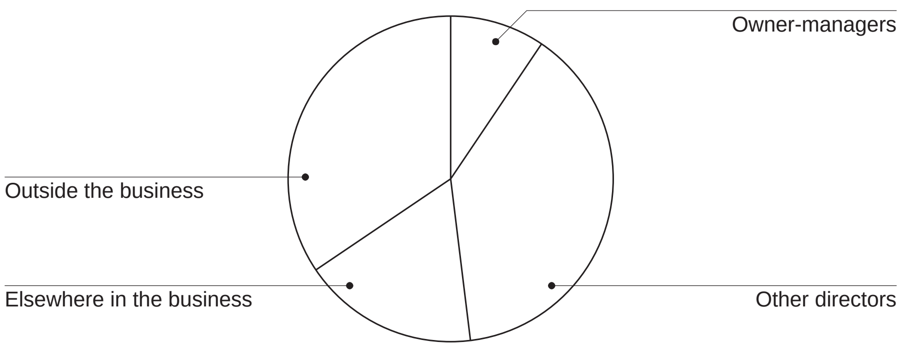

Figure 3.10
MCB's ability to make sense of the literature

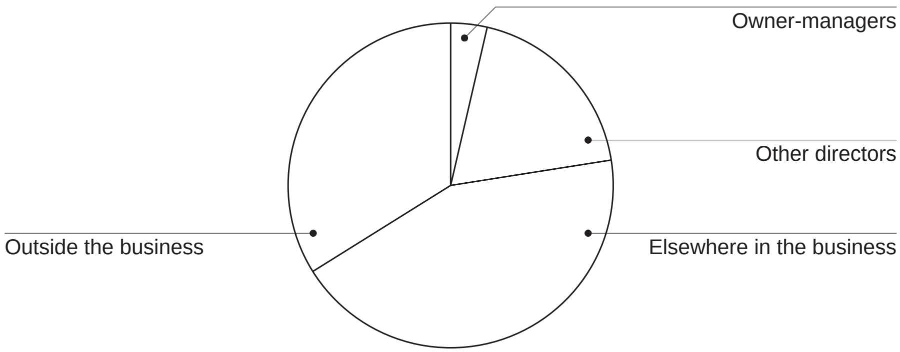

Figure 3.11
MCB's ability to maintain a good relationship with its customers

- "We need our staff, agents and the marketing agencies that represent us all giving the same message. Communication is the key to this competence".

The ability to maintain peer relationships with non-academic suppliers
Again owner-managers have virtually no part to play in relationships with suppliers. This is a competence devolved to senior management (see Figure 3.12).

The ability to maintain peer relationships with authors
The research highlighted that the organization itself cannot maintain academic peer relationships with its authors (see Figure 3.13). Several managers stated that the organization does not need to. As "professional" publishers the company should "sub-contract" this role to its editors. Comments included:

- "The Literati Club author database/academic 'network' is essential for professional managers with no academic networking skills".
- "This is essential but we don't have the competences within the business".
- "While the company can interact at a administration level it has no competences at an academic level. All of these come from our editors".

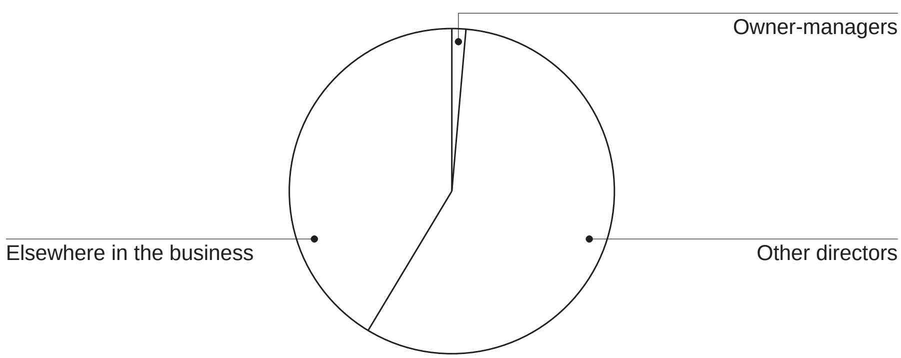

Figure 3.12
MCB's ability to maintain peer relationships with suppliers

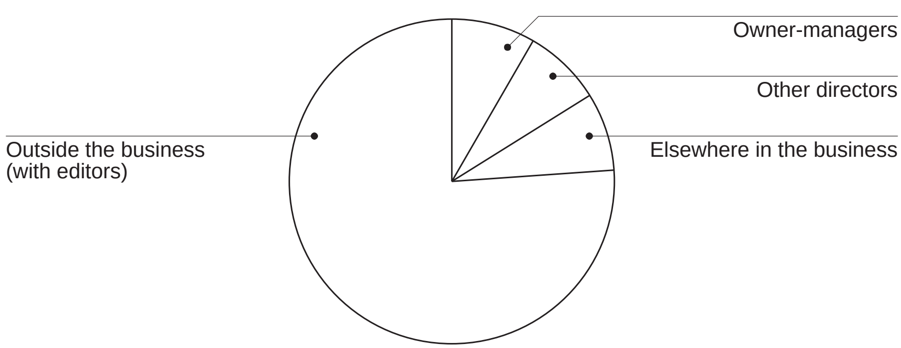

Figure 3.13
MCB's ability to maintain peer relationships with its authors

- "There is a need to build supportive relationship with authors in-house to complement the editor/author relationship".

The ability to maintain peer relationships with the network of editors
This is the area of the business where owner-managers are still perceived as playing a significant role, although still less of a role than other non-owner directors (see Figure 3.14). It was accepted by all that this is a competence that the business needs, managers stating that:

- "The Literati Club author database is essential for professional managers".
- "Much of this competence resides with owner-manager former editors".

Two senior managers felt that the business could not do this as it stands.

If the business does not have the competence to appraise the academic content of its products or have access to academic networks:

- How does it evaluate editorial performance?
- How does it replace editors?
- What succession plans are in place for the replacement of the editors?

External publisher interview

To gain an appreciation of how other publishers organize their operations, I interviewed a manager formerly with a major external publisher, which has operations in both the UK and the Netherlands.

Elsevier in the UK (formerly Pergamon Press)
Elsevier is a very hierarchical organization. Publishing areas are broken down into customer groups, for example "economics". Each group is run by an "editorial head", managers who have recently also become designated "head of strategy" in an attempt to move them away from their traditional editorial focus.

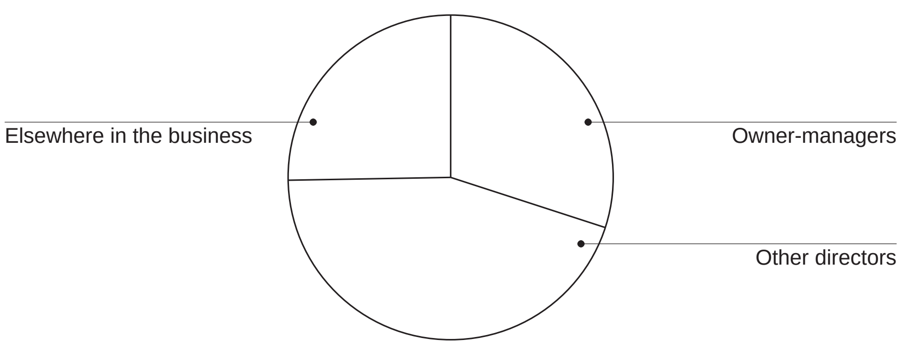

Figure 3.14
MCB's ability to maintain peer relationships with its editors

While these groups are termed "customer groups", they are often "historical" in nature, based around an individual publisher, rather than particular customer area. In this way journals tend to remain with one publisher for a considerable time.

Each group has its own promotional and editorial staff. However, all of these "autonomous groups" are headquartered in the same building. Production, page mark-up, accounting, information systems and subscriptions control are all handled by stand-alone administration units which recharge their costs to the journal groups.

Every year the editorial heads are given budgeted price increases and revenue targets for the next financial year. They then "haggle" with the finance function in an attempt to hold down prices. Eventually this process comes up with a compromise.

Editorial heads tend to be former academics who have opted out of academia. They can relate to their journal editors and authors at a peer level, usually having studied to Doctoral level. However, they are always Elsevier staff members and never in-post academics.

It could be argued that the editorial heads are too close to their customers and not close enough to the business, perhaps the opposite of senior managers at MCB University Press. They spend much of their time attending academic conferences, meeting editors and nurturing academic relationships and little time considering strategy and the needs of the business.

The interviewee finally suggested that editorial heads are not cost focused at all, often having little appreciation of the actual costs of journal publishing. They may also be too wrapped up in academia and paper journal publishing to consider possible electronic futures.

Elsevier in The Netherlands

While Elsevier in the UK has centralized core publishing operations, no attempt is made to achieve internal scale economies in production, subscription services or any other area by Elsevier in The Netherlands. In this alternative publishing model each journal or group of journals is managed by a small team who deal with external page proofing, production and subscriptions management services. These profit centre groups are, in effect, small publishers beneath a major corporate umbrella. Again, however, the in-house publishers/editorial heads do have the ability to relate to editors and journal authors as their academic peers.

Interview with MCB's former chief executive

To gain strategic insights into the business an interview with MCB's former chief executive officer (CEO), Gordon Wills, was conducted, focusing on: vision; culture; goals, strategies, policies and procedures; competences; and the strategic planning process.

Vision

"The editor is everything". The former chief executive made it clear that MCB is in the "information, knowledge and intelligence business", and that it is not in the business of hard-copy academic journal publishing. The company is also no longer the small operation it was in 1985. With over 140 journals there are now so many that "nobody loves any of them".

Psychologically, apart from the editor, nobody feels that the journal is their journal. The CEO went on to say that the keys to success and high quality are good editors and the associated authors. He further stated that "the most important thing that I should be achieving as chief executive is . . . actually getting the editorial quality flow almost twice as good just about everywhere".

The role of a publisher is "making information public". The former chief executive suggested that the role of the publisher is that of a venture capitalist. As an organization it puts up the risk capital and takes a gamble. In the past the publisher also had to print and store stocks of journals. In the future this will be less of an issue. The remaining role is in promotion, something MCB already does well (the company spends 40 per cent of turnover on marketing activities: £6 million on a turnover of £16 million).

Multiple visions. The corporate image survey tells us the obvious: that every individual at MCB University Press has a different vision of what the organization is and does. These multiple visions are something that the organization deliberately promotes. Somewhat disconcertingly for new arrivals to the company, there are also different visions and agendas at board (owner) level, which often conflict, leading to overtly political behaviour by company staff and competing "camps".

Culture

MCB University Press is a paternalistic "family" business and as such, the CEO stated a little melodramatically, "none of the models you'll read anywhere, except in the literature on family businesses, is of any help to you at all".

The business has three owners and, essentially, when they agree on a strategy it will be implemented. Everybody else, including non-owner board members, remain employees, who cannot rise above the "glass ceiling" separating "family" from employees.

The culture at MCB University Press is all about people and power; staff at all levels make "power plays" in an attempt to get their ideas implemented. The business aims to be a "learning organization", spending a great deal on management development and seeking to empower employees. When asked to identify what the company values, the former chief executive suggested:

- loyalty;
- intellect: nobody is better than the ideas that they have;
- action learning/education;
- constructive criticism.

Problem areas that the former chief executive felt should be addressed were:

- a "distrust" of any MCB University Press office or individual based outside Bradford;
- a parochial attitude;
- a failure to think internationally;
- a politicization of problems rather than attempting to solve them.

Goals, strategies, policies and procedures

The former chief executive stated that he does not believe in "bureaucratic" centralized planning, or indeed in individual planning; rather he "believes in mess". As such, the strategy is to continuously "make it up as you go along". By doing so, he suggests, the business will constantly realign itself with the supply and demand side markets and change dynamically.

The company culture also reflects the belief that ongoing organizational change is essential for the business if it is to maintain its role in the supply chain. The theory is that a deliberate policy of continual change (causing some pain and upset) should be in place to ensure that the organization remains aligned with its customers and suppliers.

Does this business have more than one strategy? The former chief executive was pleased that the business had many strategies and, presumably, missions. The policy was again deliberately vague and "messy", in alignment with the perceived corporate culture and the need to remain ever flexible to meet the needs of the market. I would suggest that this "mess" is, indeed, a useful way of "directing" the business where there is a strong unifying vision underpinning it. This vision is, however, missing.

Communicating multiple strategies. MCB University Press features empowered individuals implementing their own strategies to different agendas in different parts of the business. To add confusion to the "mess" little attempt is made to communicate any of the different strategies to others. "We are bad at communicating [whatever] strategies [there are] . . . a carryover from the partner days when [the company] was run as a series of feudal baronies . . . and you did not have strategies". On the basis of this review, it could be argued that the "feudal baronies" still exist.

Competences

What makes this business distinctive and better than its competitors? The key competitive advantage of the company identified by the former chief executive was one that many might perceive as a weakness, namely arrogance. He defined this arrogance as an ability to know "what is best" better than other publishers and, indeed, the customers. He further suggested that MCB:

- implements what it finds in its journals;
- is never afraid to take on the structure;
- employs generalists not specialists; and

- has senior directors with a real understanding of its customers – however, these senior directors play a diminishing role in the business; below them the business is staffed by professional managers, not former academics/customers.

Questioned as to whether the organizational structure is aligned with strategy, the former CEO stated that it is, because the company constantly changes it to ensure that:

- Nothing is sacred, either within or outside the organization: librarians are not eternal, agents may not be and who knows about publishers?
- The organization is flexible around the "currency" in publishing: good quality material, with brilliant search and classificatory criteria to help the search process.

Strategic planning process

For MCB University Press strategy arises from issues. This is an unplanned reactive approach to strategy. The process:

- is both bottom-up and top-down: the board provides general (sometimes blurred) vision(s);
- makes a virtue of emergent strategy with a great deal of the strategy and almost all the business tactics coming from managers and employees who are, hopefully, nearer to the customer;
- has strategy devised on an issue-by-issue basis; and
- involves each manager having agreed key results areas on which they are appraised.

How is the external environment audited? Traditionally, "environmental audit" has been carried out "by anecdote" at board level. In the past journals were launched, prices raised and "enhancements" provided in line with the general doctrine of corporate arrogance. More recently, as MCB University Press has become larger, it has seen the rise of professional managers, rather than those brought up through the ranks. As such the organization has started to adopt more traditional information-gathering models, e.g. conference attendance, professional journal subscriptions, etc.

Follow-up conversation

Ten years ago MCB University Press divorced ownership from editorship: "Hypothetically [this missing link was] filled by a global network of editors like ourselves but [the owners] never shared the equity with them. In doing this, Dennison (1996) suggests, that the company has given away both the journal vision and quality control of effective journal content to "amateurs" who, with no "equity" in the journal, have no interest in it beyond their careers.

The current professional managers are servicing academics with no strategic vision for the journals that they manage. This amounts to a crisis of editorial quality and vision. A new chief executive can only co-ordinate editors who may well be without direction; from there the publishing professionals can only service and attempt to sell the content that they receive.

As a solution to this problem, a non-executive academic board whose role would be to review editorial quality has been suggested. The former CEO believes that this might well turn out to be a pointless talking shop: journals currently have editorial advisory boards which are much under-utilized and under-motivated: “Board members join for status and influence, not effort. What the editors need is a financial incentive to focus their minds”.

Reaching conclusions

It is my contention that the proposition stated in "Setting the scene" –

> All organizations grow and develop, moving through various stages of development. The principal developmental issue currently facing MCB University Press (should it remain "independent") is the need, in the short to medium term, to separate the ownership and management of the business

– should be rejected. As a result of the literature review, interviews and research undertaken in this study, I will seek to demonstrate that substantially all possible internal senior management development and succession preparation have already been undertaken.

Having taken on board the comments of those interviewed an alternative focus is taken. I explore the senior staffing implications of three possible futures for the organization:

(1) no change to the ownership profile;

(2) trade sale;

(3) flotation of the business.

In this analysis I attempt to resolve the following questions in the light of these alternative future ownership structures:

- Can the business thrive without the owner-managers?
- What competences will the business need in the next five years that neither the owners nor the professional managers currently have?

I do not seek here to appraise the existing managerial competences of those in post, this being outside the remit of this study. However, I argue that at a corporate level (including the current owner-managers) there are two significant competence gaps that the business must address. One looks towards the past (a failed owner-manager-publisher succession of the past) and one towards a competence required for the future. These required competences are as follows:

- the past: recapturing the reason why the business was first started – the desire to achieve the dissemination of the highest quality academic information; and
- the future: the need to develop an ability to have a productive dialogue with the financial markets/professional investors.

To redevelop the competence lost the company must reconnect itself with the academic networks that it once had, thus re-engineering a business understanding of the content of MCB University Press products (over which the organization currently has little direct control) with the goal of making content the best possible. The ability to work with financial institutions is a competence that the organization has never really needed in the past but, as owner-managers look to realize all or part of their holding in the business, it will become ever more essential.

Establishing individual managers and professionalizing structures that embody these twin capabilities are key to future corporate success, not a requirement to "retain the current competency set" by replacing the current owner-managers with professional managers and associated systems that together approximate the competences of the owners. One core competence of the future has already been lost and needs to be rediscovered, another needs to be built.

Having said this, the objective of the analysis remains the development of a model that will help facilitate business perpetuation beyond the involvement of the current owner-managers.

Where we are now

MCB University Press is a highly profitable medium-sized academic publishing company. While undertaking all the standard publishing functions – production, publishing logistics, subscriptions control, finance, etc. – the crucial competitive advantage held by the business lies within the marketing domain:

- the ability to promote journals internationally;
- a willingness to embrace the future;
- niche marketing;
- pricing strategy;
- the "courage" to apply product life-cycle modelling.

The owner-managers and senior staff state that the role of the current "partners" within the business is to provide:

- fading academic networking skills, "academic ghosts";
- strategic vision: constantly challenging the existing organizational paradigm and activity;
- arbitration in disputes; and
- (past?) entrepreneurship.

Applying Greiner's (1972) corporate life-cycle model and specifically using his "developmental states" model, the period from 1981 to 1990 can be characterized as an evolutionary period. The company experienced a prolonged period of growth during which no major upheavals occurred in organizational practices.

I would suggest that the organizational phase during this period was one of "delegation" of control. The company was run as four independent missions, each headed by one of the owner-managers. It was during these years that the current MCB University Press culture developed. Much of MCB University

Press remains a decentralized company, with empowered managers and various cost centres (although only one pseudo profit centre). Managers tend to be left to their own devices, using "management by exception" to focus on problem areas.

This "delegation phase" has been drawing to a close since the early 1990s. The company has entered Greiner's "crisis of control" phase. There is a widespread belief that while, at an operational level the company is "doing things right", it may well not be "doing the right things". The owner-managers are starting to find that at an operational level they have lost control of the empowered business and they are seeking to regain some degree of control.

As part of this drive to control the business one of the owner-managers was appointed chief executive and given power to co-ordinate the business. However, internal politics dictated that the organization was not yet ready for an individual who would have control of the business and he resigned within four months. The post remains vacant.

Periodicals publishing: an industry in flux

Now is not a good time to be contemplating the removal of the executive team of a publishing company or trying to develop a replacement one. All the indications are that the industry is moving into a period of rapid change.

Historically MCB University Press has grown as a business by managing product (journal) life-cycles. Being a marketing-focused publishing company it raises revenues through growing the subscriber base through acquisition and then:

- increasing prices for individual journals;
- maximizing sales to new customers (e.g. by promoting journals internationally);
- maximizing renewals by existing customers; and
- cross-selling to existing customers.

However, Wills (1995c) suggests that the publishing industry is changing radically. Major change is coming to the industry, particularly in how the product is distributed and priced.

In the pre-Internet hard-copy journal world, academic publishers sold content by subscription to journals in volumes. These were dispatched in issues (the unit of delivery) which were made up of individual articles. With the arrival of online publishing, virtual libraries can now allow the entire library to become the unit of delivery to each individual consumer. They can search the entire library, select the article that they require and download it. Once the library is installed (and maintained) the marginal cost of delivering products electronically is virtually nil. The economics of online publishing are very different, and the provision of full access is vastly cheaper, than traditional paper-based publishing. Critical mass at the point of delivery (i.e. a great deal of content in a big database) is essential.

The implications of this radical change in the distribution cost structure would seem to be that:

- if existing publishers do not slash their costs for printing and distributing hard-copy journals, they will be at a competitive disadvantage compared with new academic information market entrants who have no "historical baggage" and do not have to incur the cost of producing hard-copy journals; and
- in order to succeed, those who deliver content, the virtual libraries of the future, must have a critical mass of content.

Five of Richardson and Thompson's (1995) six "characteristics of modern business" suggest ways in which such a future can be addressed.

Trend 1: Towards larger operating areas

MCB University Press has always sold on a global basis. The company must redouble efforts to build competences in environmental surveillance and understanding and must look (as it is looking) to create partnerships and alliances worldwide through improved networking. Here the organization must improve on two counts:

(1) networking with its editors, authors and customers; and

(2) building international networks.

Trend 2: Towards more, and more diverse, influences

Organizations need to develop "helicopter visionaries" within the business to facilitate useful strategic overviews, empowered fast and effective managers, contingency planning and crisis management. Eight years of internal management development programmes have ensured MCB is an organization with virtually all senior managers developed to MBA level with Doctorates planned.

Trend 3: Towards greater speed of change

Organizations need empowered people, to listen to their stakeholders, to dream about possible futures and implement them pragmatically, changing course where required. This organizational flexibility is one of the defining features of the company.

Trend 4: Towards greater external power and threat

The business world is becoming one where dislocation is normal. To survive in such an environment MCB University Press needs:

- To stay close to the aspirations of powerful stakeholders. On this it fails: the company cannot talk to its editors at an academic peer level.

- To monitor changing market situations so that the organization takes early notice of changing markets. On this the business is better; however, networking is not something at which the company excels.

Trend 5: Towards greater competitiveness

Intensifying competition and new market opportunities require competences in areas such as:

- devising competitive advantage creating strategies;
- getting close to customers (and suppliers);
- reducing costs – something MCB has recently started to address with the slowdown in turnover growth; and
- ability to decide when to leave market-places and which new ones to move into. This is something the company has addressed recently with the business being split in half, creating two divisions: e-publishing ("sunrise"); and paper publishing ("sunset").

Thirty years of owner-management: the implications

The result of the corporate shift from the "person culture" of an editors' co-operative to an organization in which four strong-willed independent owner-managers ran independent fiefdoms is a power culture where all decision making is highly politicized.

Barker (1994) suggests three hypotheses regarding MCB University Press:

- corporate strategy is dominated by the organization's structure as influenced by shareholder (owner-manager) intentions;
- leadership within the company is situational and comes about dependent on the particular conditions of individual functions and situations; and
- significant initiatives within the organization arise from entrepreneurial activity amongst those with the power to harness resources.

He argues that "because of the (current) form of ownership of the company, strategy follows structure . . . Structure, in this sense, meaning the degree of involvement of the shareholders and its influence on how the company is structured. Strategic options will probably, therefore, be much influenced by structural form".

The essence of his analysis is that the organization is a power culture and that the power resides with the three owners. When they agree, things happen; if they do not agree, then a stalemate may ensue, or official decision-making structures are "circumvented" to get things done.

Porras and Collins (1995) carried out research to ascertain the reasons behind the success of companies which that have been trading for more than 100 years and they identified mission, vision and ideology other than simply to make profits as crucial. Essentially, such companies never forget what they are in business to do. Underpinning this drive and vision, the companies create heroes, stories, affirmations, exclusive behaviour, socialization, ideology-based training and corporate language. These were all facets of MCB University Press as a young organization. As the company has grown rapidly, many employees no longer internalize the vision, often having no understanding of the corporate "ideology".

While pockets of the early vision remain, a more widely held and richer philosophy for the business is required. In an anti-planning, issues-managed, empowered business like MCB University Press it is essential to have and "manage" a strong vision underpinning everything that the organization does. The company does not have this, rather it has several poorly articulated visions. The vacuum is often filled by cynicism.

Intrapreneurship and professional management

MCB University Press was founded by academic entrepreneurs looking to carry out consultancy work. It evolved into a collective for journal publishing, first as separate companies and then as one company with owner-managers given a great deal of autonomy. The co-ordination phase of development might be expected to start to crush this entrepreneurial structure. However, the organization remains one that still encourages entrepreneurial activity (when sponsored by the owner-managers at least!).

Brandt (1986) suggests that management must foster innovation: "companies must tap into the creative power of their members . . . Innovation is the capability of the many. That capability is utilized when people give commitment to the mission and life of the enterprise and have the power to do something with their capabilities".

But is this achieved within MCB?

We can use Sykes and Block's (1989) six characteristics of innovative companies to determine whether MCB has these abilities. I believe that all of these characteristics are present within MCB University Press, amounting to a manifesto of how the owners aim to manage the business, through:

(1) atmosphere and vision: knowing how to remain innovative;

(2) market orientation: vision focused on market need;

(3) small flat organization and small teams;

(4) multiple approaches: parallel development of different projects;

(5) ongoing learning across functional areas into the business environment; and

(6) skunkworks: innovative teams outside the mainstream business.

For Kuratko *et al.* (1993) there are four critical elements in entrepreneurial businesses:

(1) specific goals that are agreed by workers and management;

(2) a systematized feedback and positive reinforcement process to reward potential intrapreneurs;

(3) an emphasis on individual responsibility and trust; and

(4) rewards based upon results.

On this the position is less clear cut. Rewards based upon results is not a system much utilized within the organization.

So with the company having begun to empower managers, where does the business go next in the drive to transfer power? G. Wills (1993) suggests:

- the second generation needs to discover/create an "enterprise identity" for itself: dependence on the owners must be overthrown;
- owners should become mentors;
- owners need to delegate not abdicate, disengaging in an effective manner;
- managers need to develop their managerial skills continually.

Pedler (1982) suggests that few of these intrinsic skills can be taught, rather they must develop through experience, so opportunities to gain experience must be engineered and managers need to develop their strategic thinking competences: know the business and its markets, manage the politics, find and overcome threats, stay on strategy, be an entrepreneurial force and accommodate adversity.

"Talent pool" development

MCB University Press has spent a great deal of time developing staff within the business. "Talent pool" development is an area of particular interest for the owner-managers as management academics.

While the management development of senior staff has occurred, the business should also not forget to develop the external staff of the business – the editors.

Using Van Clieaf's (1995) common practices in succession and executive resource planning that are applied in "high performing" companies, we can appraise whether MCB's "talent pool" development structure has proceeded along the right lines:

(1) The chief executive owns the process. As MCB does not have a chief executive this will be taken to mean "the board owns the process". On this basis the organization passes.

(2) The process is designed to fit the organizational culture. Pass again. Management development makes use of action learning which is at one with the way the owner-managers have built the company.

(3) The process is integrated with business and organizational planning. Again pass. The organization does not "indulge" in strategic planning (owner-managers never agree!), so all decisions are made on an issue-by-

issue basis by managers on the spot. To ensure that "correct" decisions are made, managers are developed to be as well informed as possible in making the decision.

(4) A competence-based approach is used to describe and assess requirements for key jobs. Pass. A stratified developmental matrix is utilized to appraise managerial competence at the levels of junior clerical/administration, senior administration/managerial, senior professional, and senior managerial. This is broken down into personal attributes, skills, knowledge and experience required by the areas of business development, customer development, finance, human resources, IT and new sales.

(5) The succession and executive resourcing processes are integrated. While succession has not been specifically addressed the unspoken understanding is that these are linked.

(6) Process credibility amongst managers is developed by demonstrating that the process works. Pass again. Staff development programmes and succession at all levels are totally intertwined; individuals have risen from junior clerical grades to the highest non-owner directorships.

The organization also considers Rowbottom and Billis's (1977) "work levels" in the appraisal process, using Gillian Stamp's (1989) work to evaluate levels at which executives conceptualize and other tools to appraise team interaction.

Again this is in accordance with the ideas of Van Clieaf (1995). The organization attempts to develop leaders with the requisite competences at all leadership levels. "Talent pool" assessment appraises individuals on the basis of:

- past performance;
- future potential;
- executive development; and
- readiness.

Having undertaken the amount of executive development that MCB has, the owner-managers must now have the courage to engineer executive development opportunities within the business prior to succession. Real power must be passed now, leaving the owners to act as mentors, advisers, occasional critics and corporate memory. Decisions must be left to the successors.

Professionalizing what we do

The research undertaken into competences suggests that it is not only the competences of the owner-managers that need to be replaced and professionalized when they stand aside from the business. More importantly, the article supply chain requires investment, with the provision of support systems to help editors achieve optimal "quality" of content.

It is necessary to develop a professionalized "quality" article sourcing system. This goes beyond the need to replace owner-managers with professional management. New structures and systems must be developed.

Since 1994 the company has been one where owner-managers are in "professional" control of the business. There are no publishers and editors are divorced from the organization (1994 to date).

This competence gap has been acknowledged by MCB University Press, and the company has started to reintroduce the publisher role by the back door. This new "publisher" role is currently based upon position in both the journal life-cycle and the Boston Matrix analysis (launch/star/cash cow/dog):

- new launches managed by new launch director;
- acquisitions managed by acquisitions director;
- nursery to rehabilitate journal "dogs" via subcontracted "publisher";
- the "Harvey project" to reposition journals via subcontracted "publisher";
- Internet forum convenors managing "journal clusters" online.

There is, however, a problem with this model. It places all the focus on the journals that are failing and ignores the successful journals, those that bring in all the profits that the company makes. If the organization could improve subscription renewal rates on the top titles, the impact on profitability would be significant. Such a focus is a far better way to spend scarce management time.

However, "networking" with suppliers (and in this market the customers as well) can go too far. It is important for the business not to get "too close" to its customers, something MCB University Press has tried not to do. Many publishers allow their academic journals to be run by former academics who have more in common with their authors and editors than with those in the business who focus on the need to optimize business performance. The need remains to divorce the commercial decision-making process (principally pricing and product development) from the editorial process (ensuring the best quality content).

Conclusion

To conclude, succession planning for the replacement of the existing owner-managers with "professional" management within MCB University Press is not the major issue that it was perceived to be while the owner-managers are considering three alternative futures for the company:

(1) no sale until 2000;

(2) a trade sale;

(3) a stock market flotation.

If the "no sale" option is selected and the son of one and son-in-law of another of the three owner-managers remain within the business, a transfer from owner-managers to professional managers will only result in a switch between a professional manager who owns the business and a professional manager who does not own the business running things. The important point is that as long as the two family members are within the company, ownership remains within the business. If this is how succession is handled, then I contend that the process may well be successful. The skills that the owner-managers have mostly also reside elsewhere in the business as well. That is not to say that additional competences are not needed by the business – they are – but rather that this is not an owner-manager to professional management succession issue, as the owner-managers do not have the required competences either.

These competence gaps fall into two distinct areas:

(1) academic networking skills; and

(2) ability to relate to the financial markets.

This second skill is primarily required if the decision is taken to float the business.

So, the bad news is that succession planning was really needed to bridge the gap left when the organization moved from one with owner-manager-editors to owner-managers, and that this has never adequately been addressed. This issue is not one that will arise in five years' time: it is here now and has been here for almost a decade. It was further compounded by the recent exit from the business of several owner-managers, leaving just the current three.

Which way now?

Two distinct sets of options have come out of this project – those relating to succession planning to replace the owner-managers with professional managers and a second set to enhance the business link between those who source journal content and the business itself. I have chosen to split and evaluate these two groups separately.

Management succession options

Let the business drift

This is the "do nothing" option. When the owners finally resolve to cease leading the business, it is likely that it would soon have to be sold with no other plan in place to ensure continuity.

Appoint a chief executive and stand back from the business

If a suitable individual with the ability to engage in a dialogue with financial institutions is appointed, then this will address the need for external networking skills with the City if, for example, the company were looking towards a flotation.

However, in terms of addressing the need for an organizational understanding of editorial objectives and journal content this is the abdication of responsibility option and little better than the previous option. It does nothing to address the competence gaps that have been highlighted in the research. The conclusions of this study are that one of the key issues for MCB in terms of succession planning is not that of management succession but rather of who rebuilds and then inherits the academic "soul" of the business. This option does not directly address that problem.

Appoint a chief executive and move to a mentoring role

This has been tried before and was abandoned as none of the owner-managers could let go. They did not have sufficient trust in the chief executive and professional management team.

Remain in post, introducing core competence enhancing structures and systems

This is the option that the organization has been implementing since the late 1980s. If the business is to continue once they have gone, the principal focus of the owner-managers must remain on evolving corporate structures and systems that can do what they do and tackle challenges that cannot currently be foreseen. This requires continual re-engineering of the business to include systems and structures that will provide a de-skilled approximation of owner-manager competences and editorial/academic competences.

The owner-manager competences tend to be focused towards the academic article supply chain and marketing orientation. These are the areas that the business understands best and where it has achieved greatest success. The marketing orientation has been de-skilled reasonably well with the introduction of database marketing since the late 1980s.

This de-skilling approach to the academic article supply chain is, however, still in its infancy, although many of the required elements are already in place.

Priority should be given to developing systems that build on networks and systems that have already been developed, such as:

- the Literati Club database of 10,000 past authors;
- the Awards for Excellence as a celebration of academic excellence;
- journal editors and their advisory board members;
- SGML MIS system for appraisal of journal content;
- embryonic Anbar citation index;
- BetterEd evolving into electronic peer review; and
- Internet Free Press.

Introduce results-focused remuneration at all levels

Use payment by results to encourage risk taking and entrepreneurial behaviour in key business areas. As examples, these might include:

- a journal containing high "quality" content (editors); and
- driving down costs/increasing effectiveness (senior managers).

Evaluation and recommendations

I have made use of a matrix to help with option evaluation (see Table 3.1).

I recommend rejecting options 1 and 2.

Table 3.1
Matrix of option evaluation

Options	Ease of implementation	(25%)	Scope to improve	(50%)	Least disruption	(15%)	Cost implications	(10%)	Score	Rank
1. Let the business drift	10	25%	0	0%	10	15%	10	10%	50%	5
2. Appoint a chief executive and then abdicate	10	25%	3	15%	4	6%	5	5%	51%	4
3. Appoint a chief executive and then mentor	6	15%	5	25%	8	12%	5	5%	57%	2=
4. Stay and build systems to deskill competences	4	10%	8	40%	6	9%	8	8%	67%	1
5. Payment by results	4	10%	5	25%	8	12%	10	10%	57%	2=

The three most attractive options (3, 4 and 5) are not mutually exclusive, and should be adopted as appropriate. In other words, results-focused remuneration should be accepted and advanced while the owner-managers sustain their strategy of competence development and structural/systems evolution either via direct executive involvement or as mentors, but with a definite trend towards a more "hands off" approach.

The owner-managers must, however, come to terms with facilitating, permitting and supporting the role of chief executive implicit in their move towards a purely mentoring role. The timing of the introduction of such an individual must be high on their agenda. To gain acceptance where it has not been forthcoming in the past, the chief executive must bring some competence to the business that it does not currently possess. I would suggest that the only competence that fits the bill is high-level financial competence, facilitating access for the organization to financial markets and equity finance.

Develop professional systems to support article sourcing

This area has been highlighted as an area of strategic significance so I will suggest options in this area.

Appoint a publisher for top 15 journals (by contribution)

The aim here is to raise the academic quality of the journals that are most important to the business, by rediscovering the soul of the business. The appointed publisher would seek to improve the standing of the editorial advisory board, and raise author and article quality. This should both sustain article supply, support/increase academic renewal rates and increase the potential for new sales of the top 15 titles. This is important because the 1995 contribution from these journals was £4.2 million from a total contribution of £8 million to overheads (53 per cent of all MCB University Press contribution to overheads from 11 per cent of the titles).

Introduce results-focused remuneration for publishers and editors

To encourage commitment and action, financial rewards could be introduced for:

- editors: bonuses on the achievement of "quality" indicators for their journal; and
- publishers: bonuses on the achievement of "quality" indicators for their suite of journals.

If, as has been argued by managers within the business, editors and authors are not motivated by a desire to receive financial remuneration for their work, the organization could alternatively give those who excel, by whatever definition (and at negligible cost to the organization) personal access to all 80 management titles that it publishes and (say) for a small fee the Anbar database of the world's top 400 management journals as well.

Getting back to the organization's roots as an academic press

To achieve this academics must be involved within the business (bringing some elements of the "person culture" back to the business core), rather than being external suppliers whom the organization criticizes.

I recommend that all corporate literature treats the editors as part-time employees (as staff). Financial statements and all in-house documentation should state that MCB has 320 employees worldwide, rather than 150 in the UK and ten elsewhere in the world as is currently stated. This should be made a company mantra, honouring the editorial network and treating editors as "one of us", not "one of them".

Implementation of this option could be achieved using ideas from the following three models:

(1) Create a non-executive academic accreditation board with responsibility for academic standards and reward them for "success", however defined. The problem with this model is that without clearly linked financial incentives it is likely to degenerate into a talking shop.

(2) In cases where journals are performing well, the editor is valued and her/his institution is a "centre of excellence" in the relevant field, MCB could do a deal with the institution (not the individual) to provide the journal with an editor. For this service, royalties could be paid on sales made. This model could also be applied to new launches where "centres of excellence" could be approached with such an offer.

(3) Give individual editors the financial benefit of growth achieved via equity in their journal in place of payment for their expenses. This payment would then make the income that they receive a function of how well their journal does, not the costs that they themselves incur. This "royalty model" could also be incremental, with higher percentage royalties payable if publishers and editors achieve "quality" targets, for example:

- submit all their copy on time;
- meet the editorial "quality" objectives of the journal for the year;
- attract a certain proportion of authors from "centres of excellence"; and
- achieve a goal level of citations in (say) the Anbar citation index.

Evaluation and recommendations

All three options should be accepted.

While no guarantee of success can be given, these options do not have any significant drawbacks nor are they in any real conflict. Together they have the potential to address the challenge to reconnect the business to its "academic soul". As implementation proceeds those areas that are most successful can be focused upon.

Conclusion

So what happens next?

Earlier in this study, I outlined the fact that one of the most intractable problems for the family firm is succession planning. Pare (1990) suggests that "Every transfer of ownership and power in family firms is an opportunity for disaster".

Much research suggests that management succession is rarely planned in family businesses even when the owners know they should be prepared for the inevitable transfer of power. Lansberg (1988) contends that this behaviour is caused by the inability of the founder to come to terms with his or her own limited life-span. Alternatively, Levinson (1971) suggests that the business may be such a powerful source of pleasure to the owners that they may, unconsciously, care little about what will happen to it when they have gone. As a result of these problems "few proprietors can build a partnership with the next generation" (Levinson, 1971).

Will MCB be any different? Will the owner-managers succeed where others have failed to manage the transition? Only time will tell.

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Appendix: Company SWOT

Strengths

- learning organization style
- decision support systems
- flexible environment
- journal building experience
- visionaries within
- networks – editors, authors, Literati Club
- management development processes

Weaknesses

- no clear mission/ strategic planning process
- "corporate arrogance"/inward focus
- treat everything as an opportunity to learn
- standards/excellence
- lack of financial/commercial awareness
- no "performance management"
- the company thinks locally then acts globally
- failure to close the learning loop
- MCB does not understand what it publishes
- "pecking order" syndrome
- reliance on corporate myths/management paradigm
- lack of commitment to change
- MCB is a "collection of individuals" not an organization

Opportunities

- acquisition prospects and acquisitions brokers
- outsourcing of tasks
- electronic delivery/interaction with customers
- the chance to open up the organization to external environment

- joint venture partners: library agents, technology partners, complementary information providers
- online marketing opportunities

Threats

- commodity business; public pricing effects
- barriers to market entry falling