

THE CASSANDRA COMPLEX: HOW TO AVOID GENERATING A CORPORATE VISION THAT NO ONE BUYS INTO

Davies, Philip¹
Cranfield School of Management

ABSTRACT

Visioning is a powerful tool for generating new business ideas. But like all new tools its actual success in practice will depend on the capacity of those generating the vision to make it happen in real world - to realize the vision - within the context of their business network. This paper develops a model for understanding the visioning process based on social network theory. Implications for practice and theory are discussed.

¹ Philip Davies, Lecturer in Strategic Management, Cranfield School of Management, Cranfield, Beds MK43 0AL, United Kingdom (Phone +44-1234-751122, Fax +44-1234-750070, E-mail p.n.davies@cranfield.ac.uk.)

1. INTRODUCTION

Cassandra was the daughter of King Priam of Troy. Apollo fell in love with her but she spurned him. He gave her the gift of being able to foretell the future but of never being believed. Her most famous prophecy concerned the Wooden Horse which the Greeks had left outside the walls of Troy ostensibly as a gift to the Gods prior to their departure. She prophesied that the Horse would cause the destruction of the city. She was right- the Horse was full of men and the Greek ships had only sailed over the horizon- but she was not believed.

A vision articulates a view of a realistic, credible future for the organization that is in some way better than the present state. It is a target that beckons (Bennis, Parikh & Lessem, 1994). Examples include Kennedy's setting a target of putting a man on the moon by 1970 or the sense of a common vision that inspires Asea Brown Boveri. Visioning, the process by which the vision is generated and enacted, is important to organizations. Employees, institutional shareholders, customers and other stakeholders need to feel that the organization has a clear view of where it is going and why it is going there. Yet achieving a clear, shared vision is difficult. One cause is the difficulty of seeing what to do because organizational boundaries are shifting and the further is unclear. Another cause is a lack of commitment to the new vision by some in the organization because it does not match reality as they see it. Those who support the new vision are termed Cassandras- given the ability to see what is going to happen but not believed. The Cassandra Complex describes organizations whose executives can generate visions that meet external business reality but who have no internal credibility. This paper will explore some of the issues involved in this phenomena from the social network perspective. Firstly it may be useful to locate this perspective within the wider field of management theories about strategic choice and change.

2. CURRENT EXPLANATIONS OF STRATEGY

Visioning is part of a wider literature on strategic choice and change. It explores issues around leadership, top management team effectiveness, strategic decision making and organizational change. This body of literature is concerned with the extent to which managers and organizations can make and implement choices, and who in the organization is involved in that process. Most of the visioning literature seems to be prescriptive. In addition there is a paucity of empirical research, in part because the concept is relatively new. Broadly, visioning involves inspiring people, careful planning, achieving buy-in and setting up a situation in which people in the organization come to see, and identify with, the vision. From my readings there seem to be two dimensions that are relevant to visioning:

- The Capacity for Choice and Purposeful Action: defined as the extent to which managers can make choices and then carry them out, and
- The Scope of the Theory : defined as its unit of analysis i.e. individual, firm or industry.

I have constructed a typology of theories that have a bearing on visioning using these two dimensions. The references are not comprehensive but rather cite the key publication or where appropriate simply the field i.e. classical economics. Each set of theories are then loosely grouped along the dimension of purposeful action in terms of assumptions about the strategy process: rational, strategic, or the illusion of strategy.

- (a) *Rational Strategy* . This assumes that the strategy is logically derived from an analysis of the various factors by top management. The underlying philosophy is one of a top down model of strategy implementation. Approaches include game theory and exchange.
- (b) *Strategic Management* . This assumes that strategy is highly contextual and that political and cognitive factors will influence the

process. Implementation is via a microstrategic approach whereby managers at various levels within the firm construct the strategy. At the institutional level it shares Giddens's view (1984) of purposeful actors influencing and being influenced by the environment. The processes through which strategy takes place are the social networks of individuals and the exchange relationships of organizations- the business network.

- (c) *The Illusion of Strategy* It doesn't really matter what individuals do. The best that can be achieved is successful adaptation to conditions. At the institutional level the main approach is that of population ecologists who view firms as if they were so many varieties of chaffinch.

Table 1 shows the key literatures grouped around these three perspectives on strategy.

The business network perspective assumes that organizations are not autonomous entities able to choose what to do without taking anything else into account: they live within business networks (Hakanson and Snehota, 1989). The sum of these relationships defines the individual firm and creates its distinctive identity (Kay, 1993) which may be a source of sustainable competitive advantage. Visioning, as a means of crafting strategy, is influenced by these relationships, which may be better explained in terms of the social networks of those involved in the visioning process. In the next section, I will explain what is meant by the social networks perspective, outline some of the key findings, and relate them to the issue of visioning.

TABLE 1: The Capacity for Choice and Purposeful Action

	High <i><u>Rational</u></i> <i><u>Choice</u></i>	Medium <i><u>Strategic</u></i> <i><u>Management</u></i>	Low <i><u>Illusion of</u></i> <i><u>Choice</u></i>
<i><u>Scope of Theory</u></i>			
Individual	Exchange (Blau, 1964) Game Theory	Strategic Choice Demographics Politics	Hypocrisy (Brunnson, 1986)
Group			
Organization	Transaction Cost Economics (Williamson, 1991) Strategic Planning	Culture (Schein, 1990) Social & Business Networks (Granovetter, 1985; Hakanson & Snehota, 1989) Resource Dependence (Pfeffer & Salancik, (1978)	Organizational Ecology (Baum)
Industry	Classical Economics	Institutional (Scott, 1995) Structuration (Giddens, 1984)	Marxism

3. SOCIAL NETWORK ANALYSIS

Social network analysis¹ is a methodology that directs the analysis of relationships between individual actors in an organizational field. It measures the ties between, rather than the attributes of, actors. Typical questions that are asked by social network analysts include: what is the relationship between banks and industries ?; how does information pass through social networks ?; how do people find jobs ?; does power relate to

¹ This section is based on a wide variety of articles and texts. The best single account of the perspective is currently Wasserman & Faust (1994) *Social Network Analysis*. The trade journal is *Social Networks*. See also Burt (1992) and Gulati (1995).

where the individual is located within the organization ? ; what situations in a business network improve organizational learning? The power of the perspective lies in it's capacity to illuminate the precise nature of structure and roles and how people perceive their place in that structure. Key terms used are: ties, strength and direction of ties, density of networks, formal and informal structures and trust and centrality. I will only consider the issue of density here.

Density – Weak and strong networks

In weak networks, the density of ties is low. Individuals know many people but not that well. As a result, new data is more likely to flow into the organization. In contrast, strong network organizations are characterized by frequent contact between individuals both at work and socially. There exist many friendship ties and relationships go back over many years. But therein lies a paradox. Strong networks require considerable investment in terms of time to service them. Also, because people know each other well, little new information is available. In contrast, weak ties are an excellent way of finding out what is important. Granovetter's classic study of unemployed men in Boston (1973) found that individuals picked up important data, in this case a job opportunity, more from casual acquaintances than close friends. Uzzi's more recent study of embeddedness (1997) among 21 New York garment firms explores this paradox further and argues that over-embeddedness serves to reduce strategic choice. Networks change from weak to strong over time. As individuals interact more, and as the present becomes history, so some ties are seen as preferable to others in terms of the benefits gained from the relationship and in terms of the nature of the social interaction, i.e. was it enjoyable, or not. It is likely therefore that some ties will developed at the expense of others which will then be discarded.) although we need to be careful about stereotyping. Institutional scholars (Scott, 1995) have shown

how persistent relationships are and it may be that what appears to be a new network actually carries within it the DNA of earlier strong relationships. Social network analysts (Granovetter, 1972) have shown that there is a curvilinear relationship between the strength of ties and access to new data, defined as information that others in the network do not yet know. In a new network there are few ties but they do not carry much data. The strong network has multiple ties but will not be the source of much new data. The best network for new data is a weak network.

In practice, of course individual actors belong to a variety of network types. These networks are often turbulent and can fragment as people leave, or as organizational structures and roles are changed, for example following downsizing. The spectrum of network types is therefore:

- Low. This is an isolate with no ties to anyone else.
- New. This is a network where few actors know each other and so there are few ties. An example would be a recent merger.
- Weak. Here individual actors are loosely connected to each other but have a wide circle of acquaintances. An organizational example would be a consultancy, or a partnership.
- Strong. In a strong network, individual actors know each other well and have multiple ties. A classic example of a strong networked organization would be a military unit.
- Total. This is a like a black hole where now new information can enter. Religious cults are one example of total networks, although possibly, groups can become total networks when they refuse to accept outside advice. Groupthink may be a form of temporary total network.

The curvilinear relationship between access to data, high or low, and the network type is illustrated in Figure 1.

Social Networks

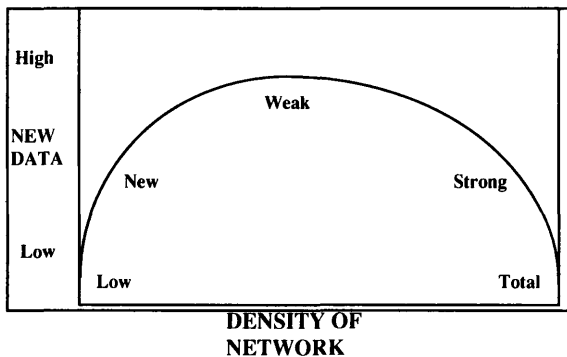


FIGURE 1: Social Networks

What links are there between networks and the visioning process? Weak networks will probably have better connections to external environments and so should be better at understanding what is happening in the wider business world. By contrast, strong networks should be better at maintaining cohesion during implementation. Total networks may reject an alternative that does not fit their world view, while new networks have insufficient data to understand what is going on

In terms of the key issues for managers who are involved in visioning, what are the main questions and how can social network analysis help? Firstly social networks define organizational reality. Access to suitable networks helps managers take account of that environment so that new ideas can be developed and implemented. Different parts of the organization, depending on their demographic profile as well as organizational history, are likely to have different perceptions of both external business reality as well as what is acceptable within the organization.

At certain stages of the visioning process, a social network analysis approach may help draw attention to what managers should take notice of, and what could get in the way. I have applied a social network perspective to Parikh, Neubauer & Lanks' (1994) excellent model of visioning. They argue, based on work with top teams, that visioning involves a combination of reflection on experience and intuition. Reflective visioning generates ideas based on experience while intuitive visioning uses imagination unconstrained by reality. There seems to be a clear link with social networks. For example organizations with weak networks may find sensing their external environment easy but may be less effective at reaching consensus as to what to do next.

A paradox arises here. The very conditions- weak networks- that lead to a good understanding of external business conditions may in practice make it harder to deliver on the vision. Parikh, Neubauer & Lank's model (1994) provides valuable insights concerning the visioning process itself but, I believe, it does not go far enough down the road of implementation. Here, I will use insights from the strategy process field to take the argument a stage further. We also need to keep in mind that this is not an intellectual exercise as at some point, the vision has to be turned into reality.

4. CONCEPTUAL VERSUS REALIZED VISION

How is the vision delivered in practice? I am aware of no empirical research that considers this issue. It may help to look at a parallel area- strategic decisions. Henry Mintzberg and his colleagues (1976) analyzed how often, in practice, strategic decisions were implemented as originally planned. They found that generally they were not and that decisions either emerged out of the planning process, were imposed, or arose from unexpected opportunities. Some of course failed. I have adapted this insight to visioning and suggest a four phase process for visioning:

- **Phase One: Generating the vision.** In this phase those responsible for generating the vision are influenced by team dynamics as well as their own view of business performance as filtered through their social networks
- **Phase Two: Debating the vision within the executive.** Once generated there is a debate within the wider organization, and usually extending to stakeholders about the worth of the vision.
- **Phase Three: Testing the vision out.** Once the vision is agreed it has to be turned into sets of plans and activities so that it can be put into practice. If the assumptions which underpin the vision change, or if the unexpected occurs, then the vision needs to be rethought.
- **Phase Four: Realizing the vision in terms of business performance.** The vision is realized when it is embedded into the routines and processes of the organization.

In practice the process is likely to be iterative and messy. This is illustrated in Figure 2.

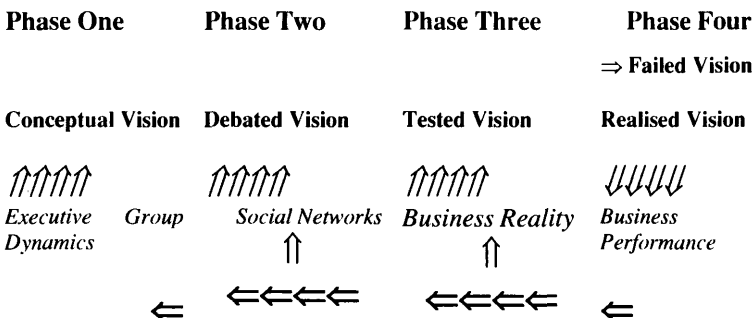


FIGURE 2: Conceptual versus Realised Vision (Adapted from Mintzberg et al, 1976)

I have argued that visioning involves sensing what possibilities exist in the wider business environment and then embedding this vision within the

routines and processes of the whole organization. I have also argued that different social networks exist in organizations and that they have distinctive characteristics which can help or hinder effective change. How then can an understanding of social networks help? And how can you avoid becoming an organizational Cassandra- crying *I told you so*- after disaster has struck!

5. HOW TO AVOID THE CASSANDRA COMPLEX: BALANCING INTERNAL AND EXTERNAL SOCIAL NETWORKS

Peter Senge, when discussing what skills leaders would need in the future included, along with systems thinking and surfacing and testing mental models, the capacity to build a shared vision (1990). He broke that skill down into: encouraging personal vision, communicating and asking for support, visioning as an ongoing process, distinguishing between positive and negative visions and blending extrinsic and intrinsic visions. The contribution of the social networks perspective is in the need to balance the benefits of weak, external networks while retaining sufficient cohesion to make and implement a vision that will be accepted by the organization. I propose, following Senge, that leaders need to establish and maintain a balanced network- what I have called “Where Extremes Meet.” The phrase is not mine. I first heard it used last year by the Chief Executive of a large NHS Hospital to describe how he managed to deal with the difficulties of leading such a complex organization. The extremes he had to deal with were expressed as a series of choices between patient care and limited resources, professional autonomy and the need for control, and research excellence and avoiding legal consequences of risky procedures. The Chief Executive had no answers! For him, what mattered, was the ability to deal with specific situations by means of good processes so that no single incident could overwhelm the capacity of his team to manage. In order to understand what is involved in developing a balanced network two aspects

need to be considered, the extrinsic or external vision, and the intrinsic or internal vision. The extrinsic vision concerns the way in which the organization understands what is happening in the wider business environment while the intrinsic vision concerns the extent to which the vision can be delivered. The two questions that need to be asked are:

Can top management deliver the vision? This concerns the extent to which the executive have the confidence and respect of those within the organization. This perception will be based on past experience but may also be effected by whether or not the organization is in crisis. This dimension is concerned with understanding context and leadership.

Does the vision meet future needs? This concerns the extent to which the vision is related to what is happening in the wider business environment, in particular issues such as changing bases of competition, customer perceptions or unexpected opportunities. This dimension is concerned with opportunity costs and strategic thinking.

Does Vision Match External Business Reality?

		Low	High
Is the Vision Credible to the Organization?	Low	Cell 1 Dead in the Water New or Broken internal and External networks Under embedded	Cell 2 Cassandra complex Internally new networks Weak networks externally Under embedded
	High	Cell 3 False dawn Strong/total internal network New external network Over-embedded	Cell 4 Shining Star Balanced network Weak/strong networks Where extremes meet

FIGURE 3: The Cassandra Complex

From a consideration of these two issues we can derive a model of visioning, shown in figure 3.

Let us look in more detail at these types. In practice of course no single organization will fit precisely into any box however as ideal types they may be useful in noticing where organizations are going, or where they have come from!

5.1 Dead in the Water

There exists at senior and middle levels of management a poor understanding of what is happening in the industry as a whole and a reluctance to learn from others. Internally managers are either seen as fools or dangerous dictators. Strategy is disconnected from everyday activity. Everyone leaves the organization if they can. Leaving parties are the most common form of ritual. Leadership is someone's else's problem. Problems are attributed to a lack of resources. Individuals either accept the situation or set out to create secure niches. Such organizations can be surprisingly resilient if their market is in growth or if they are protected by a monopoly. When this changes however they will either be taken over, transform or die. Very large organizations, or ones from the public sector often display certain of these characteristics.

5.2 Cassandra complex

In this organization some of the executives are usually new, brought in to "sort out" an organization in trouble. They have a good idea what to do but don't know how to make it happen. In this situation, external consultants are often used to show what needs to happen but their intervention is unlikely to be effective unless senior managers, with strong internal networks, visibly support change. There may be a strong professional or technical bias, with management historically seen as "bean counting". In this situation the vision may be sabotaged by existing managers. There may

be an initial acceptance of the new vision but, during the debate and testing stage, problems will emerge. Often managers will request more data, more analysis and more consultation, but this is only a delaying tactic. The motives for doing this vary from a genuine belief that the new ideas are unworkable to a cynical interest in retaining power, but the net effect is the same: the vision will fail. In Cassandra organizations, the visionary is right but no one listens. If the visionary lacks power he will be ignored and leave.

5.3 False dawn

False Dawn organizations have secure and well-liked executives. They have been successful in the past and there is no reason why they should not be so in the future. Current problems are temporary. When a vision is needed it will be seen as sensible and likely to work. The vision is popular and is listened to. The vision seems viable, but in practice it doesn't work because it has not taken into account what is happening outside. In fact False Dawn organizations are in strategic drift and at some point will have to face up to reality. However the strength of internal relationships, especially if change involves downsizing, will make the process uncomfortable. Such organizations invest tremendous energy in maintaining strong internal relationships with office parties and social events. Leadership is traditional and paternalistic and employees are expected to stay for life. Information is controlled and outsiders are distrusted because *this organization is different*. Institutional shareholders in particular are blamed for problems. People are promoted more on considerations of soundness than any other reason, while those who study for business qualifications are seen as academics and so are suspect. There is likely to be a myth of the Golden Age when things were better. Banks in the UK have exhibited some of these characteristics in the past.

5.4 Where Extremes Meet

The vision is compelling and the executives are viewed as likely and able to make it happen. Everyone wants to be part of the success. Conflict is welcomed and part of the normal process of management. Groups may well be deliberately broken up to prevent relationships becoming too close. This type of organization is never satisfied with the way things are and can be seen as difficult and unreasonable. But there are a set of core values which bind the executive together.

6. SUMMARY

We began this chapter at the Siege of Troy. Cassandra's warning to "fear the Greeks, especially when they bear gifts"¹ was not been heeded. The Wooden Horse that the Trojans believed was a sign that the Greeks had given up the siege of their City was hauled inside the gates by the rejoicing citizens. Later that night, when everyone was asleep, the Greeks hidden inside the Horse emerged to open the gates to the waiting Greek warriors. The City was sacked and Cassandra made a captive. The Trojans had endured many years of fighting and wanted to believe that it was all over. The tragedy was that the one who could see the danger was not believed. Organizations are facing tremendous pressures. Under such conditions there is always the temptation to believe what we want to believe and to ignore different voices- the organizational Cassandras. We need to ensure that those different voices are heard and that their warnings, or indeed unrealized opportunities, are built into the strategy process and not ignored.

The theoretical issues are also well worth exploring and are to do with how social networks actually operate to constrain or enable organizational action, such as visioning. While a great deal can be inferred the indirect approach has a problem of interpretation. Does an elite interlock based on

the membership of a golf club prove collusion or that similar people like to work together and socialize together? The answer depends on the assumptions of the analyst. Clearly social networks do have an impact. But what is not clear is how. There needs to be more longitudinal, process based research with multiple informants so that the complexity of this phenomena can be better explained. Without such work, which scholars like Uzzi (1997) are now undertaking, then social network theory will continue to suffer from a theoretical indefiniteness.

REFERENCES

- Joel Baum. (1996) Organizational Ecology. *Handbook of Organization Studies* Edited by Stewart R. Clegg, Cynthia Hardy, and Walter Nord. p.p. 77-114. London: Sage
- Peter Blau (1964) *Exchange and Power in Social Life* New York: Wiley
- Nils Brunsson. (1986) Organizing for Inconsistencies: on Organizational Conflict, Depression and Hypocrisy as Substitutes for Action. *Scandinavian Management Journal of Management Studies* May p.p. 165-185
- Ronald Burt. (1992) *The Social Structure of Competition* Cambridge MA: Harvard University Press
- Philip Davies. (1997) How social network analysis can help in understanding cooperative relationships between organizations: the case of partnering in service industries Paper presented at the *Fourth International Conference on Multi-Organizational Partnerships and Cooperation*. Held at Balliol College, Oxford. July 1997.
- Anthony Giddens (1984) *The Constitution of Society* Cambridge: Polity Press
- Mark Granovetter (1972) The Strength of Weak Ties. *American Journal of Sociology* Volume 78 Number 6: p.p. 1360-1380
- Mark Granovetter (1985) Economic Action and the Problem of Embeddedness *American Sociological Journal* Volume 91, Number 3: p.p. 481-510
- Ranjay Gulati (1995) Social Structure and Alliance Formation Patterns: A Longitudinal Analysis *Administrative Science Quarterly* Volume 40: p.p. 619-652
- Hakan Hakansson and Ivan Snehota (1989) No business is an island: the network concept of business strategy. *Scandinavian Journal of Management* Vol. 5, No. 3: 187-200
- John Kay.(1993) *Foundations of Corporate Success* Oxford: Oxford University Press
- Henry Mintzberg, O. Raistinghani O. ,and A. Theoret (1976) The structure of unstructured decision processes. *Administrative Science Quarterly* June : 246-275
- Jagdish Parikh, Fred Neubauer, and Alden Lank. (1994) Developing a Vision. in (eds) Warren Bennis, Jagdish Parikh and Ronnie Lessem. *Beyond Leadership: Balancing Economics, Ethics and Ecology*: p.p. 62-86. Oxford: Blackwell

¹Timeo Danaos et dona ferentes. Virgil *Aeneid*

-
- Jeffrey Pfeffer and Gerald Salancik (1978) *The External Control of Organizations: A Resource Dependence Perspective* New York: Harper and Row
- Edgar Schein. (1990) *Organizational Culture and Leadership* San Francisco & Oxford: Jossey-Bass
- W. Richard Scott W.R. (1995) *Institutions and Organizations* London: Sage
- Peter Senge, P. (1990) The Leader's New Work: Building Learning Organizations. *Sloan Management Review* Number 7
- Brian Uzzi (1997) Social structure and competition in interfirm networks: the paradox of embeddedness. *Administrative Science Quarterly* 42: 35-67
- Stanley Wasserman and Kathleen Faust. (1994) *Social Network Analysis* Cambridge: Cambridge University Press
- Oliver E. Williamson.(1991) Comparative Economic Organization: The Analysis of Discrete Structural Alternatives. *Administrative Science Quarterly* Volume 36: p.p. 269-296

