

# Early Bureaucracy

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When an Aristocracy is unable to reverse its downward spiral and the artificial repairs finally stop working, management's mutual admiration society abruptly ends. The good-old-buddy days of the Aristocracy are gone, and the witch-hunts of Recrimination begin. Companies in this stage exhibit the following behaviors:

- People focus on who caused the problems, rather than on what to do about the problems.
- Problems get personalized. Rather than dealing with the organization's problems, people are involved in interpersonal conflicts, backstabbing, and discrediting each other.
- Paranoia freezes the organization.
- Personal survival and turf wars absorb all available energy leaving precious little to deal with the needs of customers or the world outside the organization.

## The Witch Hunt

Everyone is busy trying to find out who caused the disaster. With blades drawn, it's backstabbing time in the boardroom. Like primitive tribes afflicted by extended drought or famine, there is a rush to appease the gods. The organization needs a sacrifice. Whom does it sacrifice? The fairest maiden, the finest warrior, or the cream of the crop? Typically, the management of a company in Recrimination sacrifices its most valuable and scarcest treasure.....the last vestiges of innovation and creativity. The company fires the EVP of Marketing, explaining, "We're in the wrong market with the wrong products and our advertising does not work." The heads of Strategic Planning, Business Development and Engineering are the next to find themselves on the street. "Our strategy does not work. Our acquisitions are not working. Our products and technology are obsolete." The people who get fired don't feel they are responsible for the company's situation. The Marketing VP often said that the company ought to change its direction. The strategist has an ulcer worrying about the lack of direction. Privately, these individuals complained, urged, begged, and threatened, but their efforts were like pushing wet spaghetti up a hill. Their exodus merely exacerbates the problem because these creative people are the individuals the organization needs most for survival.

In the Aristocratic organization, silence precedes the storm. People smile. They are friendly, handling one another with kid gloves. In Recrimination, when the bad results are undeniable, managers start fighting each other. The ritual of human sacrifice is repeated over and over. Someone must take the blame every time there is bad news. Bad news comes every quarter when they must report results, so every quarter a new scapegoat emerges. No one is sure who will be the next to get the ax. Paranoia reigns.

This poisonous atmosphere encourages the circulation of outrageous rumors. If, for instance, the sales manager announces a discount, the other executives don't interpret it in rational terms by referring to competitive conditions. Instead, they attribute the move to the sales man-

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ager's Machiavellian strategy to discredit the marketing department and to expose the incompetence of the marketing vice president. This irrational paranoia accentuates and accelerates the decline. Managers fight each other, spending most of their time building cliques and coalitions that are constantly changing. They expend their creative energies in a fight for personal survival. Individual security, they know, depends on eliminating and discrediting internal "competition." Organizational performance continues its relentless decline, and the paranoia intensifies. Talented people, objects of fear and distrust, either get fired or leave. This cycle of vicious behavior continues until the company ends up bankrupt or becomes a full-fledged Bureaucracy.

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