Exploring the issues in failure-prone organizations, especially the important person-specific characteristics.

Understanding the Causes of Business Failure Crises:

Generic Failure Types: Boiled Frogs, Drowned Frogs, Bullfrogs and Tadpoles

Bill Richardson, Sonny Nwankwo and Susan Richardson

Management Decision, Vol. 32 No. 4, 1994, pp. 9-22

Introduction: The Nature and Extent of the "Business Failure" Problem

As we move through the first half of the 1990s, organization failures continue to attain record levels. For example, one in 38 active British businesses went into liquidation in the third quarter of 1992. In 1991 a total of 21,827 businesses failed compared with 15,051 in 1990 (a jump of 45 per cent). Individual insolvencies soared by 83 per cent during the same period (see, for example, [1]). Even big, "safe" UK corporations in banking, motor vehicles, air, defence and chemicals are struggling to come to terms with downturns in financial performance and are being forced to address the need to plan and implement what Grinyer *et al.*[2] have called "sharpbender" (recovery/turnaround) strategies.

This article is about "business failures" – involving organizations which fail in the "business" sense in that they run short of money, usually because they have failed to remain competitive and to continue to attract sufficient contributions from customers and other important resource suppliers. Business-failing organizations, therefore, are those "that will become insolvent unless appropriate management actions are taken to effect a turnaround in their financial performance"[3, p. 13].

This type of organizational crisis has been an enduring feature of our modern industrial world. Today's trading conditions make the job of creating and maintaining organizational success even more difficult than it has been.

The consequences of business failure crises are, for the organizations concerned, financial shortfalls which threaten their very survival.

These crises also damage the quality of life for the different groups of people associated with the organization. For example, at the personal level, big emotional and social costs are incurred as the organization becomes a less rewarding place in which to work or with which to do business. Organizational restructurings, lay-offs, redundancies, customer delivery breakdowns and failures to pay creditors, for example, worsen traditional standards of working and living for a host of stakeholders.

The consequences of this type of organizational failure aggregate at the national level, too. For example, according to Kotter and Heskett's[4] research, strong performer firms increased share price by up to 12 times as much as poor, declining performers. They also increased their number of employees by eight times as much. Clearly, business failure "writ large" in one national setting will have major implications for the economic and social conditions which apply generally in that country.

The jobs of avoiding and/or reversing potential organizational failure situations belong, first and foremost, to organizations' top managers. Other "players" who might be viewed as having responsibility for the avoidance of business failures (or, if more appropriate, for the more rapid and less damaging demises of failing organizations) include bankers and other financiers, powerful suppliers and customers, business development agencies and governmental regulators.

The large-scale failure of these people to perform this critical strategic function, however, has provided management consultants with a growing market, in recessionary times, for the provision of "troubleshooting", company turnaround services and liquidation assignments[5].

The Aims and Coverage of this Article

This article provides descriptions of some generic business failure types together with some illustrations of specific failure examples. It separates failure types into big organization and small organization contexts. The article also describes failure processes which the management literature has associated with particular business failure types.

In our view the existing management literature which deals with business-failure crises is deficient because: first, most of the contributors to the business failure theory base focus on particular business failure types and contexts without emphasizing their focus explicitly and/or without acknowledging the existence of a range of business failure configurations (see, for example, [2-4, 6-8]).

This creates a problem which was first expressed by Argenti[9]:

> Some of what is stressed in one book is ignored in the others (p. 3) [and] ... If there are [a number] of types of failure ... why has this not been noticed before? I can only suppose that each expert sees only one type of failure. My explanation, then, is that the experts' knowledge is so specialised that none of them sees the full range of failure (p. 151).

Second, despite Argenti's excellent, initial attempt to lay the basis for a systematic and *coherent* theoretical approach to the subject of business failure, the literature continues to be short of a clearly differentiated and/or integrated framework.

A differentiated approach is necessary to facilitate "fitting" interventions into particular failure situations. An integrated overview is likely to promote useful insights into the existence and nature of *generic* causal factors of business failure and for the design of macro policies and regulations.

This article, therefore, is a contribution to the development of a more systematic and coherent approach to the study and prediction of business failures and to the design and implementation of appropriate interventions into business-failing contexts.

At a more personal level, the article aims to help improve managerial ability to spot inappropriate leadership as a prerequisite to deciding what to do about it.

Our discussion utilizes metaphor – as will become apparent we liken failing organizations to frogs, in the manner of Handy[10] and Villiers[11]. In this way we seek to "embellish our discourse"[12, p. 13] and to help the reader discern more easily the existence of a number of failure types and contexts.

The article proceeds under the following general headings:

- A Framework of "Frog" Failures
- Boiled Frog Failures
- Drowned Frogs
- Bullfrogs
- Tadpoles
- Business-failure Types in Combination
- Conclusion.

A Framework of "Frog" Failures

The article draws from and builds on to the "frog" metaphor used by Handy[10] and Villiers[11] in their descriptions of one particular type of business failure. The use of a frog analogy for each of the failure types considered in this article will help us to create a more vivid and memorable discussion. Our framework for the examination of business failures is shown in Table I.

The matrix shown in Table I categorizes business failure contexts by organization size on the one axis and by frog-like characteristics on the other. Although the matrix illustrates clear demarcations between small and big organizations, the reality of our organizational world is one wherein failure types create a continuum of small-to-big organizations.

Also, while the clear demarcations between organizational (frog) types helps in the organization and communication of our discussion, in reality, again, many failing organizations are characterized by mixes of the types shown in Table I. We will return to the notion of "failure types in combination" later in our discussion.

Table I. *Categories of Business Failure-prone Organizations*

Organization/ Leader type	Organization size: Small	Big
Boiled Frog	The hard-working, introverted, family firm	The (s)lumbering giant
Drowned Frog	The ambitious entrepreneur	The conglomerate kingmaker
Bullfrog	The small firm flash	The money-messing megalomaniac
Tadpole	The failed start-up	The big project failure

It will also become apparent from what follows that in many, if not all, business failure contexts "*organization* type" is interchangeable with "*leader* type". Leadership personality and style, as our case illustrations will demonstrate, are often reflected in organizational activity and style.

Boiled Frog Failures : Strategic Drift and the Boiled Frog Syndrome

"Boiled frog" theory contributions focus on the failures of long-established organizations which exhibit the often observed organizational characteristics of introversion and inertia in the face of environmental change.

The ICI illustration, below, provides one *Slumbering* (or *Lumbering*) *Giant* example of the "drift towards crisis" phenomenon which lies at the heart of "boiled frog" theory.

Smaller firm examples which emphasize an outdated and introverted *Hard Working, Family Firm* approach to business organization as the primary cause of business decline are also available (see, for example, [13, 14]).

In the boiled frog failure context, formerly successful organizations move progressively towards failure because, to quote troubleshooting consultant, Robert Marks:

> Catastrophes build 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[5].

This process of drift has been called "the boiled frog syndrome" because:

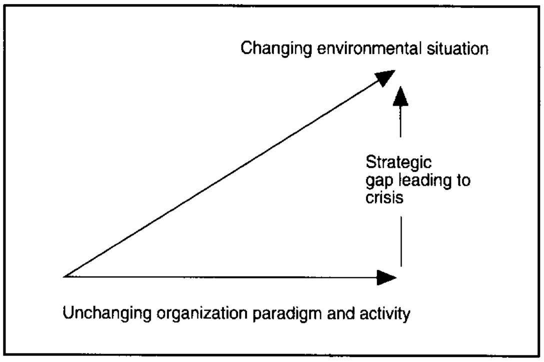
> Put a frog into a container of hot water and it will feel the heat and jump out. Put a frog into cool water and then gently heat the water to boiling point and the frog will happily sit there unaware of the incremental, dangerous change occurring in its environment. This well observed, generic form of business failure has its roots in the tendency of organization managers to become trapped in their own "boiled frog syndromes"[10,11].

Leaders trapped in the boiled frog syndrome are, initially at least, too complacent – the frog remains blissfully unmoved while the environment around it heats up.

The underlying cause of the boiled frog syndrome has been termed "strategic drift". Johnson[15] describes the process of strategic drift as one of adherence, by organizational leaders and other personnel, to a traditional paradigm which he has described as:

> The set of beliefs and assumptions, held relatively common through the organization, taken for granted, and discernible in the stories and explanations of the 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.

Figure 1. *Strategic Drift*



Over time a "strategic gap" develops. The small, incremental changes which have been undertaken have been inadequate. The strategic gap, and its associated financial shortfalls, ultimately, are of such proportions that only organization-saving, strategic turnaround activity in crisis conditions can save the organization. An organizational crisis is necessary, if the gap is to be closed and the organization realigned with market needs. Strategic drift is illustrated in Figure 1.

A Big Firm, Boiled Frog Illustration

In this section of the article we draw from the work of Kotter and Heskett[4] to provide a sample illustration of the boiled frog syndrome in action. In this case the context is one of a big firm – that of ICI in the years up to the early 1980s.

A Potted History of ICI

ICI's problems of the early 1980s could be traced all the way back to the firm's founding in 1926 through the merger of Britain's four largest chemical companies. The company quickly became a major player in what was a worldwide cartel. Sir Harry McGown called the ICI merger "the first step in a comprehensive scheme ... to rationalize the chemical manufacture of the world".

During the inter-war years, ICI emphasized superior technology and low cost production. Well over half of the company's university hires were scientists. The firm's position as a major player in a worldwide cartel made marketing and sales concerns almost irrelevant. The fact that the company engaged "sales allocators" to make decisions in the "sales control department" aptly illustrated the lack of importance ICI was required to place on the market side of the business.

During Britain's rearmament for the Second World War, ICI became tightly interlocked with the British Government. To avoid being left with overcapacity after the war, ICI arranged an agreement whereby the state paid for the construction of new plants and ICI managed them for a reasonable fee. During the war, demand skyrocketed for ICI products, especially munitions, light metals and guns.

ICI's technological victories during the years around the war were significant. Polythene, discovered in the 1930s, eventually revolutionized radar, helping Britain turn the course of the war. In the 1930s, ICI scientists helped pioneer synthetic fibres, later bringing to market Terylene, the world's first successful polyester. ICI continued to show its technical superiority in the 1950s, when the Glaswegian James Black (later Sir James Black, the winner of the 1988 Nobel Prize for Medicine) took emerging ideas about cardiovascular disease and turned them into a series of revolutionary drugs used to treat hypertension. Black's feelings about his discovery illustrated the partiality to science that had always been an integral part of ICI's development: "The things I have been associated with happen to have made a lot of money, but commercial success has nothing to do with the quality of the science."

ICI's involvement in cartels came to a halt in the years following the war, in part because of an anti-trust suit brought by the United States Government in reaction to the approximately 800 agreements ICI had signed with Du Pont to regulate competition. ICI performed poorly during the 1950s in comparison with large American and German players. The company had lost its monopoly over the chemical markets of Britain and her colonies. Further, it maintained an outmoded productive capacity and an inward-looking managerial style, both of which prevented it from taking advantage of the opportunities decartelization offered. Its economic performance in the 1960s was generally below the large US competitors and average for large European competitors, and its productivity was low relative to all competitors in the 1960s and 1970s.

In the 1970s, ICI's own inadequacies were compounded by unfavourable conditions throughout the United Kingdom. During the 1970s the UK economy suffered a lower growth rate than its Western peers, relatively high inflation, and increased labour demands (and settlements). ICI's position was affected in particular by high interest rates and the strength of the British pound between 1979 and 1982, a strength which put ICI's products at a competitive disadvantage in foreign markets. An even steeper recession between 1979 and 1984 made a company redirection simultaneously more difficult and more urgent[4, pp. 107-09].

The Causes of Boiled Frog Syndrome

A number of writers have provided us with insights into the underlying causes of this type of failure context[4,7,16-18].

What follows is a summary of the reasons for boiled frog failure, according to the boiled frog theorists:

(1) *Complacency born of competitive success.* Success recipes more suitable for expansionist growth eras or in periods when the organization enjoyed competitive advantage become ingrained as generally applicable formulas for success. When environmental conditions change no corresponding change in organizational activity occurs and decline sets in.

(2) *Top management blindness* to new and different business natures. Managers often filter out evidence which suggests the need for new approaches. They sometimes overemphasize the importance of any signals which tend still to confirm their largely outdated views. Self-deception is a major cause of decline.

(3) *A hierarchy orientation* which directs organization decisions towards the perceived desires of the enterprise hierarchy rather than towards those market-oriented type goals which preoccupied the enterprise founders.

(4) *Cultural rigidity.* The entrenchment of bureaucracy to the detriment of innovation.

(5) *Entrenchment of the existing status quo.* A strong desire for acceptance of conformity which works against change.

(6) *The search for consensus and compromise solutions.* Large, diverse organizations develop "meetings cultures" wherein responsibility for specific projects is often shared and diluted. These cultures work against urgency and resolve.

(7) *The push for organizational growth rather than productive growth.* Costs soar as the organization recruits new staff in response to management's desire for bureaucratic control and bigger size.

(8) *Benefits awarded without equivalent increases in productivity.* Real growth gives rise to demands for improved benefits. Over time, regular reward improvements become the norm, regardless of whether the enterprise is improving its stock of wealth.

(9) *Rising "white-collar" costs.* White-collar workers make up the bulk of a growing employment force in service industries, knowledge jobs and Government services. Until very recently white-collar workers have had no tradition of having their work examined for productivity. The tendency can be for existing workloads to be expanded to fill working time.

(10) *Low motivation among employees.* As workers become more affluent, traditional motivators no longer seem adequate. Further, specialized jobs so designed to achieve greater efficiency often breed boredom, dissatisfaction and a productivity "kickback" in the form of high labour absenteeism, increased labour turnover and poor quality workmanship.

The above organizational characteristics act as "deadweights" and "buffers" which hold back the boiled frog organization from sensing and reacting to significant and hostile changes taking place in its environment.

Boiled Frog Trajectories and Processes

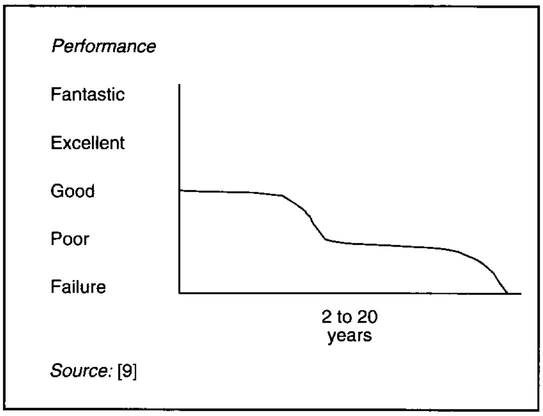
A number of theorists have focused their attention on the decline process of business failure. Although they do not, in the main, say so, most of these theorists are implicitly relating to the boiled frog type of failure and usually to the bigger firm "Slumbering giant" context[3, p. 69; 4,7,19, p. 29; 20].

John Argenti, who, as we have already noted, has drawn our attention to the existence of a number of business failure types and contexts, has modelled the "trajectory" of the boiled frog failure type [9, p. 161]. Argenti refers to these types of failures as "Type 3 failures" – we have taken the liberty of substituting the "boiled frog" title. He observes that:

> [Boiled frog] failures only occur to mature companies which have been trading successfully for a number of years or decades. Sometimes they are still quite small, often they are sufficiently large to have a formal management hierarchy and occasionally they are enormous national institutions ... because they have traded successfully for a number of years I shall not show their start-up trajectory at all.

Argenti's "boiled frog" trajectory, therefore, starts in a strong financial performance position. Unlike Johnson's[15] more incrementally arrived-at strategic gap, Argenti's trajectory falls quickly and dramatically from its strong point before levelling out again at a new, lower, level (the first major performance problem is hardly ever life-threatening, given the previously stored reservoirs of success and slack resource, argues Argenti). Following what can be a lengthy period on the new plateau (from two years to more than a decade, according to Argenti) the organization plunges again – this time to its demise. This trajectory is illustrated in Figure 2.

Figure 2. *The Boiled Frog Failure Trajectory*



Next, we use material from Slatter[3] to "fill in" Argenti's trajectory with some of the managerial characteristics which are perceived by many of the theorists to apply at different stages of the trajectory. His model of the boiled frog decline process is shown in Figure 3. It records a worsening performance situation characterized by managerial insensitivity towards the decline problem and ineffectiveness in dealing with it.

Figure 3. *The Four Stages of Boiled Frog Crisis Development*

Stages	Typical organization behaviour
1 Crisis denial	Complacency: signals completely overlooked
2 Hidden crisis	Crisis explained away; belief that it will disappear. No need for action
3 Disintegration of organization begins	Some action taken but need for action underestimated
4 Organizational collapse	Inability to take action
Recovery / Failure	

Source: [3,p. 60]

From the above discussion it is clear that many of the theorists working in the business failure arena of management strategy see the boiled frog syndrome as a major aspect of organizational life. Many organizations suffer its consequences and, despite numerous examples of boiled frog syndrome in action in the literature, the phenomenon continues to lie beneath many business crises. Clearly, the boiled frog concept is an important concept for the addressing of the business failure problem.

Drowned Frogs

Another type of business failure is less to do with managerial complacency and more to do with managerial ambition and hyperactivity. Here, to continue with the frog analogy, we have a particular type of frog which is, itself, the creator of pond turbulence because of its insatiable need to be in many parts of the pond at more or less the same time, and because of its desire to create a position of "king of the pond". This involves, of course, much threshing around and, often, paradoxically, the loss of any sole or dominant rights to any secure stretch of water. Eventually, this often worn-out frog drowns in a whirlpool of his own making.

In our organizational settings the drowned frog represents the failed, ambitious entrepreneur in the smaller organizational context and the failed, conglomerate kingmaker in the bigger context.

In the small to medium-sized situation, the drowned-frog leader is often a gifted salesman, autocratic, charismatic, brimming with ideas and a forceful approach. He seldom takes advice which goes against his own views and aspirations.

This ambitious entrepreneur's early organization takes off instantly and makes rapidly escalating profits. His driving motivation to grow constantly, however, takes the organization into less profitable areas. As he spreads the portfolio of his firm's operations many parts of the new enterprise are increasingly unconnected with the entrepreneurial leader's key resource strength – his immense knowledge and understanding of a particular market area. These new operations, too, swallow additional capital which is readily forthcoming from the financial markets because of the meteoric success already demonstrated. The ambitious entrepreneur's organizational profit performance peaks, however, as turnover increases at the expense of profit margin. The decline in performance is as rapid and dramatic as has been the earlier success. George Davies' impact on the Next organization is a useful example of this type of entrepreneur[21] and Harry Goodman's leadership of Air Europe provides another pertinent case study[22,23].

This bigger drowned frog has grander power aspirations

The conglomerate kingmaker version of the drowned frog exhibits similar characteristics to his smaller counterpart. Rather than being an expert salesman in the marketing sense, however, this organizational leader is an expert "contacts" man – he forges working relationships with people who can help him to make growth happen. This bigger drowned frog moves – and manipulates – in boards of directors, financier and political circles. Growth, in his, often global, business context, is achieved through acquisition and the putting together of "financial packages".

This bigger drowned frog, too, has altogether grander power aspirations than his smaller counterpart. These often extend to include the role of influencer at national and international governmental levels. Examples of this type of organization and leader are available in the management literature and include studies of Robert Maxwell[24,25] and Azil Nadir[26].

Drowned frog leaders usually occupy "saint" and "sinner" roles during their careers (and, often, they occupy each of these roles more than once). They are revered when they breathe success into a "boiled frog" organization (as did, for example, George Davies in his early days with Hepworth/Next), or when they create success from very small start-up situations (as did Azil Nadir with Polly Peck). Their falls from grace and favour, however, can be equally dramatic (as was the case with Davies and Nadir, for example).

Arrogance and success seem to lie at the heart of much business failure. However, whereas the "boiled frog" manager, for example, exhibits arrogance based on his/her long-standing position as a major marketplace player, the "drowned frog" manager exhibits arrogance based on the belief that his early, and often remarkable, success, can be reproduced, time after time, notwithstanding the new and increasingly different and bigger contexts in which success is sought.

A conglomerate kingmaker example of the drowned frog failure context is provided in another illustration below.

A Big Firm, Drowned Frog Illustration

In this section we bring together extracts from the media on the career of Robert Maxwell – an organization leader whose activities in life and death (he drowned, literally) created a series of news headlines.

Robert Maxwell – He Who Would Be King

The Early 1980s

... Maxwell was the man who had helped them. In 1980 Hambros, the merchant bank adviser to British Printing Corporation, reckoned that the business was finished and that receivership was inevitable. BPC was, as its name implied, the British printing industry, and the Conservative Government needed another corporate bankruptcy like Margaret Thatcher needed Edward Heath.

The solution agreed by National Westminster, BPC's principal banker, was to let in Maxwell. He bludgeoned the unions into sense, making a great deal of money for the BPC shareholders, while saving the banker's money and the Government's blushes.

The moneylenders had good reason to forget the Pergamon affair of a decade earlier. On that occasion Maxwell's attempts to sell Pergamon, a specialist publishing company he had built into a world leader, ended in allegations of cooked books and a Department of Trade inquiry. Maxwell lost the company, and although he won it back, the DTI inspectors delivered their famous verdict that Maxwell was not fit to run a public company[27, p. 17].

At the age of 66, Maxwell might be expected to succumb to being human and put on the brakes. Instead he has struck out on several new fronts ... when he paces into his lavish apartment above Maxwell House, Holborn, on a Saturday morning ... the man looks capable of anything. He is no less than a ruddy picture of health ...

He fills the whole of his French wife Betty's provincial chairs and a foot goes up on the coffee table. Brown loafers and sagging grey socks, an anchor buttoned navy jacket over a T-shirt – Maxwell needs only his on-tap charm to impress ...

Then out come his plans. What is the Maxwell strategy to take the coveted fifth or sixth place among the world's biggest media companies? "Just what I've been doing," he returns glibly. There is *The European* newspaper (the objective is to become the voice of Europe), a broadsheet deal in Hungary, a television licence bid in Argentina, the printing of the *Moscow News* in English, a paper mill in the USSR and printing plant in Mongolia, a new TV channel for Kenya and a global channel to be launched in the USA, plus big plans in television production, in global electronic publishing, in travel, language instruction and scientific databases. There is also the ongoing task of assimilating Macmillan and the Official Airline Guides into Maxwell Communication Corporation (MCC), while disposing of assets to bring down its once-staggering debt ... Truly the prospects look fascinating, if sometimes dangerously ambitious ...

Sharebroking analysts are taking a wait-and-see attitude before judging whether Maxwell's purchase of Macmillan will pay off. It was made on the particularly high price earnings ratio of 37 (though this is much lower when sales of businesses are considered) ... James Kapel's Terry Connor, who predicts that MCC will have to lie low until its debt is down to £1 billion, thought he noticed Robert Maxwell swinging his focus to his private interests. "He's shifting around but it's all being done through his private companies, thank God," Connor remarks ...

And what of the succession to the throne? ... Robert Maxwell hedges. "The succession is in place. Kevin and Ian [his sons] are joint managing directors and if they can persuade their colleagues that they can run the business, then that will be that"[24, pp. 46-51].

November 1991

The body of the newspaper publisher, Mr Robert Maxwell, was recovered from the Atlantic last night after he was reported missing from his yacht, Lady Ghislaine, which had been cruising off the Canary Islands ...

Robert Maxwell had been suffering from depression, exhaustion and a heavy cold before he flew to Gibraltar for "a few days' rest and recuperation" on his yacht.

The illness ... caused him to miss a gathering of the Anglo-Israel Association in London on Monday night, at which he was due to speak. The strongly pro-Israel speech was delivered on his behalf by his son Ian.

Mr Maxwell's illness ... followed months of intense scrutiny of his business and communications empire ... which had been struggling for three years with debts of about £1.3 billion[28, p. 1].

December 1991

The business empire of Mr Robert Maxwell, racked by financial scandal and huge debts, came crashing down yesterday only a month after his death.

Administrators were called in and immediately put Mirror Group Newspapers, the profit-making jewel in the crown, up for bidding.

But even when all the family-controlled assets are sold off, debts still seem likely to hit the £1bn mark.

Corporate sharks last night were circling the wreckage, waiting to take a bite out of what remains once the accountants have sorted out the tangle of more than 400 interlocking companies[29, pp. 1-3].

The Causes of Drowned Frog Business Failure

Once again we return to Argenti for an insightful account of the causes of business failure[9, pp. 123-4, 157-60]. In the case of the drowned frog failure, these are:

(1) *One-man rule*. The drowned frog leader is an over-ambitious, super-salesman type who is so set on hyper-successful performance that he ceases to believe in the existence of failure. These people are noticeable for their outstanding personalities. They are leaders of men, loquacious, restless and charismatic. The scale of their ambition is almost pathological. They never accept advice, they "know it all".

A major difficulty for analysts is in determining the difference between a "super-leader" and a "drowning frog". Argenti offers some limited help:

> I have three answers, none of them very satisfactory. First, if there was a definitive answer it would by now be well known ... we must learn the lesson that there is no single reliable indicator for predicting failure. Second, although it comes down to a matter of personal judgement, I do think it is possible to tell the difference between a leader and an autocrat and between over-ambition and a normal desire to achieve. I also believe that one can define the moment when a company has become too large to be safely ruled by one man ... Third, the only way in which one can dominate a company beyond the bounds of normal leadership is to ensure that as many as possible of the remaining ... defects of management structure ... are maintained. So these now become useful indicators that an autocrat sits on the throne[9, p. 124].

The most significant of Argenti's remaining defects of management structure are presented below as additional causes of the drowned frog failure syndrome:

(2) *Non-participating board*. The board of directors in the drowned frog organization tends to work *for* rather than *with* the drowned frog autocrat. Often its members seem to exhibit little interest or influence in the decisions which get taken at board level. It is common for the "drowned frog" to be both managing director and chairman.

(3) *Unbalanced top team*. Another feature which commonly applies to the drowned frog organization is a lack of a range of skills at senior executive level. According to Argenti, the drowned frog leader is likely to surround himself with subservient clones when what is actually needed in today's multi-problem environments is a team of experts each bringing different functional skills and managerial perspectives to top level decision making.
(4) *Weak finance function*. This is a particularly important weakness. The lack of expert and influential control in this business function means that either the organization's financial information systems are inadequate and/or the adverse messages they convey are disregarded by the top management.

The Drowned Frog Trajectory and Process

The drowned frog syndrome is one associated with young companies (Argenti suggests the average age for this type of organization is less than ten years). However, we have observed examples of this type of failure occurring in a similarly shortish time-period but from the base of a longer established organization which has embarked on an ambitious programme of growth (for example, Next's growth out of Hepworth, Air Europe's growth out of International Leisure Group, Polly Peck's growth from its family business heritage, and Maxwell's mid-1980s push for growth).

The typical drowned frog trajectory is one which charts swift and phenomenally successful take-off and growth stages. Often the drowned frog leader becomes revered as a dynamic business guru whose leadership skills and successful ideas are praised as models to be emulated. This early record of success means that bankers and other financiers are predisposed to his exceptional powers of persuasion. Money is made available for more expansion and growth.

Frequently, at this point, the organization becomes interesting to the press and a vicious circle is thus created – the organization now has to continue to succeed because it is publicly expected to do so. The financial markets also demand ongoing, strong success.

By this stage the organization is already past the point where more "normal" companies would have introduced some formal and professional management systems. However, as pointed out in our earlier discussion, the drowned frog organization is one which continues to be run by its "proprietor" who perpetuates a "one-man-band" approach to the management of the company.

At its zenith, the organization and its leader have often become famous names and each of their financial positions can be described as "fantastic". This is the point at which the downturn begins.

Turnover increases again but this time profits do not. Often, no one knows that a turning-point has been reached because often, although not always, creative accounting begins as soon as performance slows. The drowned frog sometimes reacts to this downturn by taking his expansion and diversification activities to levels of absurdity in his efforts to keep turnover and profits rising at the rate which he and his backers and admirers have come to expect.

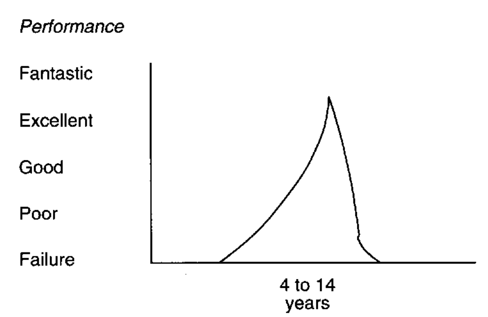
At this point financiers and bankers start to show alarm and become much more reticent towards issuing further advances. At this point, too, something happens which worsens the organization's sales performance. This might be nothing more serious than a business cycle downturn but it arrives at just the wrong time.

The collapse is now rapid. The press and the stock market now allow no hiding-place for the once-guru leader who has now turned drowned frog. Creative accounting can no longer disguise the financial quagmire which the once incredibly sound organization has become.

The drowned frog trajectory is illustrated in Figure 4.

Drowned frog situations seem to be gaining increasing significance as modern sources of business failure. Argenti's view (expressed in the 1970s) that these types of failure are extremely rare has recently been challenged by the spate of such failures which occurred in the early 1990s – a total of 45 quoted companies ended up in the hands of the receivers during 1990 and 1991 and included famous-name, "star" organizations such as Polly Peck, Coloroll, British and Commonwealth, Parkfield, Leading Leisure, Sock Shop and Charterhall[30,31].

Figure 4. *The Drowned Frog Trajectory*



Source: [9,p.157]

Management theorists need to pay more attention to the drowned frog phenomenon to provide greater help for the avoidance and/or more effective management of drowned frog crises.

Bullfrogs

The bullfrog is an expensive show-off. He ventures forth from his pond-lily garnered, for all the world to see, with the trappings of status and power. The cartoon image of the bullfrog would show him wearing a jewelled crown and big, expensive finger-rings. He would be driving a big and flashy car – with a similarly attractive, and expensive, lady-friend at his side.

The major problem for the bullfrog, however, is that his need to adorn himself with these trappings of success ultimately creates a situation where his lily-base (from which he draws his air supply) is not strong enough to bear the increasing weight of the adornments. The bullfrog, however, is unable to rationalize the importance of his lily. His desire to show-off and to live a particular self-image means that his lily eventually sinks to the bottom of the pond taking the bullfrog and his all-important trappings with it.

In our organizational setting, the bullfrog exists on a continuum from the *small firm flash* to the *money messing megalomaniac*. In each of these settings the bullfrog spends money the organization has not earned.

The *small-firm flash* is a failure type which has been neglected by management theory[32]. His existence flies in the face of mainstream management theory because mainstream management theory assumes that:

(1) Organizations have leaders who care about the organization (for example[33-39]).

(2) The leader is chief custodian of the organization's first objective – to survive (see the above references and, as further examples, [40,41]).

(3) The leader is that person in the organization who is most concerned to ensure that the organization continues to be economically productive (see the references above plus,[42] as a further example).

(4) The leader is the primary architect of the organization as a system which manages productively a mix of economic, social and political motives.

(5) The leader acts as the "conductor" of an "orchestra" of stakeholders who have important contributions to make to the organization but who expect "inducements" in return (see the above examples plus [43,44] as further examples).

In contrast the "small firm flash" is not essentially an organizationalist. Rather, he is first and foremost *himself*. This type of leader promotes a completely different paradigm from the mainstream management paradigm. The small-firm-flash context promotes a paradigm for organization and management which, more realistically, is based on the following beliefs about organizations and organization leaders:

(1) People who care about themselves occupy powerful "in charge" (compared with "leadership") positions in organizations.

(2) People in charge of organizations "milk" them to the point of their bankruptcies and demises.

(3) People in charge in organizations have strong needs for instantaneous self-gratification and for the means with which to express their preferred self-identities. These desires are so strong that they result in these people "cutting off the hand that feeds them". Such people are unable to control their basic self-gratification urges or to rationalize the likely consequences of their activities intelligently.

(4) The powerful person in charge is careless about the need to create an effective organization system. Often, this task is left to subordinates to perform as best they can. Characteristically, the powerful person in charge is not around the system either to plan its development or to control its performance. He (or she) is often away on pleasurable excursions which might only remotely be associated with work. He/she tends, in fact, to be the main breacher, rather than protector, of the "organizational effectiveness" system.

(5) The powerful person in charge stands at the centre of a political arena responding only to the pressures of those people who are able to make direct contact with him or who are perceived to have the power to affect his/her present and potential, personal lifestyle. Sometimes these powerful "others" are traditionally perceived stakeholders such as bankers (threatening to withdraw credit facilities, for example). Equally, they are likely to be from the person-in-charge's private life – peer group socialites, for example, or present and potential sexual partners, or family members. Sometimes they are stakeholders from a traditionally perceived group (colleagues, for example) but who exert a non-traditionally perceived pressure (sexual attraction, for example).

The small firm flash's management style can alternate between meanness and generosity, between bullying and befriending and between sullenness and charm. Because he uses the business's funds as his own he has to be a creative accounter. Some rare examples of what might well be a fairly common, small firm flash, phenomenon are provided by Richardson *et al.*[32].

The *money-messing megalomaniac* is a much bigger version of the small firm flash. He exhibits the same traits but on a grander scale. A key difference between the small and big organization versions of the bullfrog generic failure type, however, lies in their respective ambitions over the desired size of their business operations. The small firm flash often seems indifferent as to the size of his organization. The money-messing megalomaniac, conversely, usually needs his organization to occupy an important and big market position.

The organization's stature is, itself, part of the big bullfrog's catalogue of reflected glories. Because of this very personal aspirations related interest in the business, too, the big bullfrog is likely to spend much of the organization's resources on pet business projects – often unproductive ones which are more to do with the acquisition of personal status than organizational profits. These are projects to be financed "come hell or high water" – if necessary, in very creative ways. Because of the big bullfrog's need to show off his organization itself, he is more of an organizationalist than his small firm counterpart – he needs to be around the organization to propel its growth and its market presence.

The bullfrog's behaviour raises ethical questions

Because of his very selfish approach to management the bullfrog's behaviour raises ethical questions. Because he fails to separate his business expenditure from his private expenditure he is often accused of fraudulent behaviour or of "sailing close to the wind" of legal behaviour.

A Bullfrog Illustration

The following illustration returns to Robert Maxwell to provide a specific example of big-firm bullfrog.

Private Empire Consumed £1.686bn

[By the mid-1980s] Maxwell had discovered that dealing with banks, either individually or in groups, was far easier than dealing with markets, where prices are under constant scrutiny. Long before his death, the markets were effectively closed to him. BPC, by now renamed Maxwell Communication Corporation, had been abandoned by analysts and most institutional investors, who simply could not understand the accounts.

The banks, like the unions before them, had proved to be more susceptible to bullying. Unlike the unions, they wanted to be bullied. Less than two years ago, the chairman of one clearing bank was asked why he lent to Maxwell. "Because Bob has never let his bankers down", he replied ...Banks are leery of publicising their own individual exposures ... But of the British high street banks, Nat West is owed £280 million, Lloyds £180 million, Barclays £150 million and Midland £140 million. Swiss Bank Corporation has confirmed a total figure of £110 million. The remaining 21 banks average around £80 million apiece[27, p. 17].

Robert Maxwell's private companies consumed nearly £1.7bn in a doomed attempt to survive the last year of the tycoon's life. The total is nearly double the estimates compiled four months ago when his two youngest sons, Kevin and Ian, were arrested ...

It is now clear that little is likely to be recovered from the Maxwell pension fund and the public companies – Mirror Group Newspapers and Maxwell Communication Corporation – which suffered combined losses of about £1bn in cash, assets and broken contracts ...

Maxwell's private companies were a labyrinth of more than 400 separate entities, some of them no more than brass plates in offshore tax havens designed to shuttle money around the empire ... Losses in the private companies – including ... *The European* newspaper, which had been one of Robert Maxwell's favourite business ventures – soaked up £111m[45, p. 13].

There will be a poignant reminder of the Maxwell family's shifting fortunes in the run-up to Christmas with two Sotheby's auctions of the contents of Headington Hill Hall – the Maxwell family home in Oxfordshire.

The combined sales are expected to raise about £1m – none of which is likely to end up in the hands of the family. However, [Mrs Maxwell] is not destitute. She still owns a large château, reportedly valued at £3m, in Lot et Garonne, in France ...

In an affidavit sworn after his father's death, Kevin valued his assets at £1.6m and admitted to debts of £1.75m. Over the last year he has sold his London home and his Morgan car ... Ian still lives in the Belgravia house he occupied at the time of his father's death, but he is losing a FFr2.5m chateau in France he owned with Kevin and their respective wives ...

Mr Harry Dalmeny, from Sotheby's, was on hand to offer informed comment prior to a sale on 14 January ... of the contents of Headington Hill Hall – [Maxwell's] family home he once boasted was the finest council house in Britain ... rented for just over £10,000 per annum from Oxford City Council ...

"It is not a collector's house" [said Dalmeny]. "It is a functional house and the function it fulfilled was to impress people. It was a house used very much for power entertaining" ...

In an agreed statement handed out by Sotheby's, Mrs Elisabeth Maxwell said she inherited some of the more tasteful items on show – the furniture, carpets, silverware and china.

"They've been with us for 33 years but material possessions don't mean much to me nor did they to my husband" ...

Maxwell memorabilia on display included a mother of pearl inlaid nameplate inscribed "Robert Maxwell: Chairman" (a gift from a Japanese businessman), [and] a photograph of him with the US President with the inscription "To Sir Robert Maxwell, warm greetings from Washington, George Bush"[46, p. 13].

Tadpoles

Tadpoles never develop into frogs. In the small business setting tadpoles represent the *failed start-up* – an enduring, major context for business failure[6]. In the start-up situation the very organization itself, and its proposed products/markets operations, is the new project which has still to prove itself. Some illustrations of failed start-ups are provided by Nwankwo *et al*.[47].

In the big business setting the tadpole represents the established business which is "dragged under" because it has embarked on a *big new project* which turns out to be such an expensive failure that it destroys its parent. New products and services *usually* fail[48] and so are inherently risky undertakings, generally. Many of the literature's examples of failed, established businesses include descriptions of *big* new, and risky, projects which are associated with the demise of the organization (the Robert Maxwell illustration, offered above, is one such example).

A Tadpole Illustration

The Sir Clive Sinclair related illustration below provides information on a big new project business failure context.

Midas Who Lost His Touch

Sir Clive Sinclair seemed in June 1983 to be the very epitome of the new Elizabethan technologist – innovative, buccaneering and successful.

Knighted by an admiring Mrs Thatcher, he was also named "Young businessman of the year" – his profits guaranteed that the City was happy to indulge this Midas of the microchip. He had been right about calculators and computers. Perhaps he was right about pocket television, wristwatch radios and electric cars ...

Within three years, however, that silicon vision had crumbled into worthless sand.

An advanced home computer took an interminable time to reach the market. The pocket television failed to excite. And the electric car emerged as a somewhat ridiculous battery-operated trike, sowing powerful doubts about Sinclair's competence in his investors' minds.

Finally, overwhelmed by debt and unsold stock, he was forced to sell his computers, patents and even his birthright, the Sinclair name. Mr Alan Sugar's Amstrad scooped the lot for a mere £5m ...

Two computer journalists, Mr Ian Adamson and Mr Richard Kennedy ... suggest the fault lay principally with Sinclair's obsessions ...

"While other unsung inventors produced ... a plethora of micro-chip dependent products ... and generating quiet profits for their producers, Sir Clive puts his greatest energies into his obsessions", they write.

To be fair, Sinclair invites such treatment. He gives ... the impression of overweening, self-regard, the anxiety to place the blame for his failures elsewhere, [and this] makes him easy meat for his detractors.

What he desires above all else, it seems, is recognition as an inventor of repute ...

The professionals thought otherwise ... "Sinclair? Forget it. He is just an assembler", one said in 1975, recommending against Sinclair calculators in favour of nicely engineered US or Japanese machines ...

By his own admission he is not a businessman and the evidence from his shoddily constructed, unreliable products (witness the rate of returns on most of them) indicates he is no engineer ...Sinclair ensured that the price was right, but to do so he compromised the engineering so badly and so often that Sinclair became a byword for poor quality ...

Calculators blew up in the pockets of their prestigious owners ... because Sinclair skimped on the quality of the metal connectors.

The C5, the disastrous electric trike, had a tendency to run out of juice at the first set of traffic lights.

The most depressing aspect of the whole business is that Sir Clive has never shown any signs of learning from his past mistakes and the British public and its Government has never shown any signs of graduating from its worship of the gifted amateur inventor to an appreciation of real engineering skills.

Sir Clive, indeed, seems quite irrepressible. Free of debt through the Amstrad deal, he is working on a cheap portable pocket telephone ...

In his youth, Sinclair eschewed university, arguing that the electrical engineering courses then available had little to offer him.

He was wrong. If he had learned little he did not already know about electronics he might have at least picked up some common sense engineering[49].

Why Tadpoles Never Become Frogs

Based on our experience gained working in the small firm sector we suggest that small tadpoles (business start-ups) fail to achieve viable business status because of one or a combination of the reasons offered below:

(1) Over-optimistic assumptions about:

- the attractiveness of the organization's products or services to its potential customers;
- sales volume and sales prices to be achieved;
- speed of market take-up;
- the actual costs of operation compared with the actual revenues;
- the profits and cash to be generated;

- the level of support to be provided by important inputters of resources;
- the entrepreneur's ability and that of his organization to attract, organize, produce and sell attractive, quality products and services, i.e. to implement the strategic vision.

(2) Failure to perform adequate contingency planning.

(3) A lack of interest on the part of the entrepreneur in the enterprise's success:

- some innovators are mainly interested in the inventing and making of a new product. They actually are not too interested in the achievement of commercial success;
- some "entrepreneurs" play the "grants game" and are more interested in attracting new product development cash sponsorship from governmental agencies than they are in creating a long-term, self-financing business;
- some would-be entrepreneurs just do not have the staying power to make basically sound projects successful.

Theorists such as Kotler[50] who relate most pertinently to the bigger business context, advocate the use of systematic screening controls in the new product development function. These control processes are implicitly designed to negate the tendency for the new project, in the big business setting, to fail owing to one or more of the above factors.

Tadpole Trajectories

Tadpole failures usually occur within five years of their introduction. The general health of the project (new organization or big new project) probably never rises above poor and, in many cases, it never makes profits.

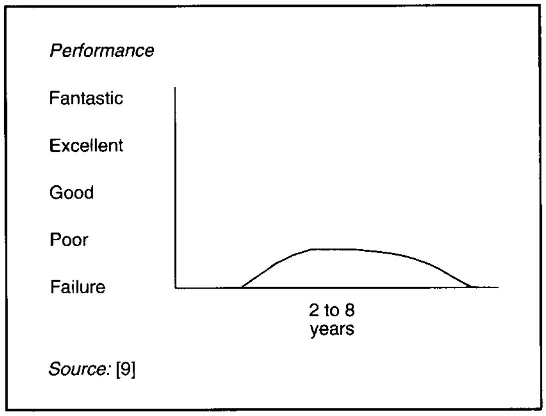
Often, the tadpole project is championed by an autocrat who persists in finding "good money to throw after the bad". Eventually he runs out of financial suppliers – the laudable business plans which continue to be generated for the benefit of financial suppliers become patently suspect, given the organization's ongoing failure to generate productive sales. At this point the start-up ceases to operate unless it is absorbed into a bigger organization or taken over by the receiver.

The Tadpole trajectory (Argenti's "Type 1 trajectory") for the small-firm, start-up situation is shown in Figure 5.

Business Failure Types in Combination

It should be apparent from the above discussions that although we have separately categorized generic "frog" types, failure situations often exhibit combinations of these types in one context. For example, bullfrogs are often to be found at the helm of drowned frog enterprises, spending the organization's already well-stretched resources to breaking point. They can also sit at the top of the boiled frog organization, weakening its resistance to the changes taking place around it.

Figure 5. *The Tadpole Trajectory*



Tadpole ventures are often the pet projects of bullfrogs

Tadpole ventures are often the pet projects of bullfrogs. They are often to be found at the heart of the demise of the boiled frog and the drowned frog organizations.

Business failure types in combination are the hallmarks of impending business-failure.

Conclusion

This article has provided a broad canvas within which researchers/analysts can more fully explore the taxonomical issues in business failure crises and especially the important person-specific characteristics which identify the leader of different types of failure-prone organizations.

More than filling a "theory gap" in the general literature, it offers further insights into the understanding of symptoms of business failure and associated leadership behaviour. These aspects need to be addressed in any rigorous evaluation of specific or general business failure scenarios.

Furthermore, it is hoped that by means of the framework explored in this article, it will be possible to develop, implement and sustain programmes that deal with subterraneous issues in corporate financial crises and to systematize and compare individual approaches to the topic.

Such comparisons might provide the basis for further insights into the factors which determine successful and/or less-than-successful corporate "turnarounds".

An improved ability to intervene effectively in business-failure crises contexts is an outcome towards which this article is aimed.

References

1. British Chamber of Commerce, *Report on Failing Businesses*, 6 November 1992.
2. Grinyer, P.M., Mayes, D.C. and McKiernan, P., *Sharpbenders: The Secrets of Unleashing Corporate Potential*, Blackwell, Oxford, 1989.
3. Slatter, S., *Corporate Recovery*, Penguin, Harmondsworth, 1984.
4. Kotter, J.P. and Heskett, J.L., *Corporate Culture and Performance*, The Free Press, New York, NY, 1992.
5. Dibben, M., "The Real Troubleshooters", *Intercity*, British Rail, November 1991, pp. 27-8.
6. Altman, E.I., *Corporate Bankcruptcy in America*, Heath Books, Lexington, MA, 1971.
7. Mitroff, I.I., *Break-away Thinking*, John Wiley, New York, NY, 1988.
8. Pauchant, T. and Mitroff, I.I., "Crisis Prone versus Crisis Avoiding Organizations: Is Your Company's Culture Its Own Worst Enemy in Creating Crises?", *Industrial Crisis Quarterly*, Vol. 2, Elsevier, Amsterdam, 1988, pp. 53-63.
9. Argenti, J., *Corporate Collapse: The Causes and Symptoms*, McGraw-Hill, London, 1976.
10. Handy C., "The Age of Unreason", in Henry, J. (Ed.), *Creative Management*, Sage, London, 1991, p. 272.
11. Villiers, C., "Boiled Frog Syndrome", *Management Today*, March 1989, pp. 121-4.
12. Morgan, G., *Images of Organization*, Sage, Beverly Hills, 1986.
13. Richardson, B. and Patterson, J., "Silver Wheels Ltd", in Richardson, B., Patterson, J., Gregory, A. and Leeson, S.(Eds), *Case Studies in Business Planning*, 2nd edition, Pitman, London, 1992.
14. Harvey-Jones, J., "In the Nutcrackers", *Troubleshooter*, Video, BBC, 1988.
15. Johnson, G., "Rethinking Incrementalism", *Strategic Management Journal*, Vol. 9 No. 1, 1988 pp. 73-91.
16. Lorange, P. and Nelson, R.T., "How to Recognise and Avoid Organizations' Decline," *Sloan Management Review*, Spring 1987, pp. 41-6.
17. Smart, C. and Vertinsky, I., "Designs for Crisis Decision Units", *Administrative Science Quarterly*, Vol. 22, December 1977, pp. 640-49.
18. Starbuck, W.H., Greve, A. and Hedberg, B.L.T., "Responding to Crisis", in Mintzberg, H. and Quinn, J.B. (Eds), *The Strategy Process*, 2nd edition, Prentice-Hall, Englewood-Cliffs, NJ, 1991, pp. 785-93.
19. Castrogiovanni, G.J., Baliga, B.R. and Kidwell R.E. Jr, "Curing Sick Businesses: Changing CEOs in Turnaround Efforts", *The Executive*, Vol. VI No. 3, Academy of Management, August 1992.
20. Sipika, C. and Smith, D., *From Disaster to Crisis – the Failed Turnaround of Pan-American Airlines*, Liverpool Business School, Liverpool, UK, 1992.
21. Richardson, B., "What Came Next?", in Richardson, B., Patterson, J., Gregory, A. and Leeson, S. (Eds), *Case Studies in Business Planning*, 2nd edition, Pitman, London, 1992.
22. Foster, G., "Goodman's Battle for the Skies", *Management Today*, August 1989, pp. 43-7.
23. Nwanko, S., Richardson, B. and Boyles, R., *The Rise and Fall of Air Europe*, Sheffield Business School, Sheffield Hallam University, 1993.
24. Skeel, S., "Maxwell Ogles the Globe", *Management Today*, March 1990, pp. 46-51.
25. Richardson, B., Richardson S. and Beiswengger, A., *The Maxwell Organization*, Sheffield Business School, Sheffield Hallam University, 1993.
26. Richardson, S. and Richardson, B., *The Case of Polly Peck*, Sheffield Business School, Sheffield Hallam University, 1993.
27. Collins, N., *The Daily Telegraph*, 22 November 1991, p. 17.
28. McCall, A., La Guardia, A., Newland, M., Hargreaves, C. and Thynne, J., *The Daily Telegraph*, 6 November 1991, p. 1.
29. *Yorkshire Post*, "Maxwell Empire Tumbles in Debt", 6 December 1991, pp. 1-3.
30. County Nat West Wood Mac, *Equity Briefing Paper: 7 – Company Pathology*, CNWM Analysts, 1991.
31. Pratten, C., *Company Failure*, Institute of Chartered Accountants in England and Wales, London, 1991.
32. Richardson, W., Richardson, S., Jennings, P., Cullen, J. and Beaver, G., "Towards the Selfish-Powerful-Person-in-Charge Paradigm", paper presented at the 1992 UKEMRA Conference, Southampton, 1992.
33. Andrews, K.R., *The Concept of Corporate Strategy*, Richard D. Irwin, Homewood, IL, 1980.
34. Cyert, R.M. and March, J.G., *A Behavioral Theory of the Firm*, Prentice-Hall, Englewood Cliffs, NJ, 1963.
35. Drucker, P.F., *The Practice of Management*, Pan Piper, London, 1968.
36. Fayol, H., *General and Industrial Management*, Pitman, London, 1949.
37. Kanter, R.M., *When Giants Learn to Dance: Mastering the Challenges of Strategy, Management and Careers in the 1990s*, Unwin, London, 1990.

38. Mintzberg, H., *The Nature of Managerial Work*, Harper & Row, New York, NY, 1973.

39. Peters, T.J. and Waterman, R.H., *In Search of Excellence*, Harper & Row, New York, NY, 1982.

40. Mintzberg, H., *Power in and around Organizations*, Prentice-Hall, New York, NY, 1983.

41. Rice, A.K., *The Organization and its Environment*, Tavistock Publications, London, 1963.

42. Ansoff, H.I., *Implanting Strategic Management*, Prentice-Hall, Englewood Cliffs, NJ, 1984.

43. Mitroff, I.I. and Kilmann, R.H., *Corporate Tragedies*, Praeger Publishers, New York, NY, 1984.

44. Drucker, P.F., "The Coming of the New Organization", *Harvard Business Review*, January-February 1988, pp. 45-53.

45. Maddox, B. and Jack, A., "Private Empire Consumed £1.686bn", *Financial Times*, 5 November 1992, p.13.

46. Burns, J. and Snoddy, R., "Family Comes to Terms with Shifting Fortune", *Financial Times*, 5 November 1992, p.13.

47. Nwankwo, S., Abel, P. and Richardson, B., "Illustrations of Failed Start-ups", in Richardson, B. (Ed.), *Managing in Enterprise Contexts*, Pavic Publications, Sheffield, 1993.

48. Davidson, H., in Kotler, P., *Marketing Management, Analysis, Planning and Control*, 4th edition, Prentice-Hall, Englewood Cliffs, NJ, 1980.

49. Cane, A., "Midas Who Lost His Touch", (extracts) from Richardson, B. and Roberts, D., "Media Extracts in the Sinclair Organization", in Richardson, B. (Ed.), *Case Studies in Business Planning*, 1st edition, Pitman, London, 1989.

50. Kotler, P., *Marketing Management Analysis, Planning and Control*, 4th edition, Prentice-Hall, Englewood Cliffs, NJ, 1980.

Further Reading

Chandler, A. Jr, *Strategy and Structure: Chapters in the History of American Industrial Enterprise*, MIT Press, Cambridge, MA, 1962.

Greiner, L.E., "Evolution and Revolution as Organizations Grow", *Harvard Business Review*, July-August 1972.

Janis, I.L., *Victims of Group Think*, Houghton Mifflin, Boston, MA, 1972.

Mali, P., *MBO Updated*, Wiley-Interscience, New York, NY, 1986.

Meyers, G.C. and Holusha, J., *When it Hits the Fan: Managing the Nine Irises of Business*, Unwin Hyman, London, 1987.

Mintzberg, H., "Organization Design: Fashion or Fit?", *Harvard Business Review*, January-February 1981, pp. 103-16.

Richardson, B. and Richardson, R., "Business Planning: An Approach to Strategic Management", 2nd edition, Pitman, London, (forthcoming).

Salancik, G.R. and Pfeffer, J., "Who Gets Power and How They Hold on to It: A Strategic Contingency Model of Power", *Organizational Dynamics*, Winter 1977, pp. 223-39.

Bill Richardson, Sonny Nwankwo and Susan Richardson are all based at Sheffield Hallam University, UK.

Application Questions

(1) Why do organizations miss alarm signals?

(2) What are the key issues involved in the evolution of a "tadpole" organization?