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ВНУТРЕННИЙ РЫНОК В ОРГАНИЗАЦИИ ПОВЫШАЕТ ЕЕ ЭФФЕКТИВНОСТЬ (FROM DOWNSIZING TO RIGHTSIZING TO SELFSIZING)

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Построение управленческой структуры организации по принципу внутреннего рынка повышает её эффективность и устойчивость в изменяющихся внешних условиях. В первой части статьи обсуждается концепция внутреннего рынка организации, во второй – приводится практический пример реализации этой концепции.

Ключевые слова: *оргструктура организации, внутренний рынок.*

PART 1: INTERNAL MARKETS CONCEPTS AND CONSIDERATIONS

Newspaper and magazine articles, as well as financial reports, continue to detail the upheaval in corporate America. They recount stories of terrible waste and financial losses, and of people treated like disposable materials when downsize organizations.

The reports attest to the pervasive nature of the instability, but they fail to identify the root causes. Hardly any authors point to the deficiencies in organizational assumptions and paradigms, or to organizational structures, strategies, and managerial techniques based on outmoded concepts. The reports do not say that organizations have failed to take into account the qualitative changes taking place in our work world. But that is what is happening.

The major forces that will influence organizations in the future are not extrapolations of the past. They represent a massive paradigm shift, away from the assumptions of the "mechanistic world view" which dates back to the early days of industriahzation. The long-term effects of these emergent conditions call for fundamental changes, yet many leaders still are looking for "band-aid" fixes.

LOOKING FOR MAGIC

Faced with the rapidity of change and the lack of widely known successful models for coping effectively with today's interactive complexities and uncertainties, organizations have been' quick to grab for magic pills - managerial concepts that look like cure-alls - total quality management, reengineering, benchmarking, just to name the most popular ones. At the same time, the growing awareness that work can be organized in a variety of different ways has led to new organizational architectures, which are more "horizontal" or "flat," teambased, networked, even clustered or "virtual". Some of these are steps toward work that is no longer functionally segmented, centra^y planned, or controlled from outside the production unit.

New ideas emerge regularly. For example, the January-February edition of the Harvard Business Review carried two articles on important emerging ideas: "The Power of Internal Guarantees" by Christopher W.L. Hunt and 'The Information Executives Truly Need"- by Peter Dmcker. Both articles describe schema that would be almost natural outcomes of the "internal markets" design described below. These ideas parallel the increasing trend toward free markets in world economies. Changes within the former USSR, Cuba, and China have left little doubt about the superior productivity and effectiveness of market economies as compared with controlled economies, even in cases where a society's social and political objectives restrict market freedom.

FREE MARKET; STRUCT; URES

A few forward-looking organizations have adapted the concept of free markets *internally.ALCOA.,* Clark Equipment, Control Data, Hewlett Packard, Imperial Oil-Canada, Kodak, Martin Marietta, and Xerox have embraced part of a new organizational architecture, called *internal markets,* in an effort to adapt better to the demands of the environment, and to capture the benefits of a liberated entrepreneurial spirit, continuous organizational learning, and greater consumer focus.

Other public and private organizations are moving with glacial speed toward decentralization and internal free market orientation.They continue to operate as centrally controlled economies, with allocation of resources from the top down. Internal supply and demand are not correlated, and the true efficiencies and effectiveness of departments in satisfying the needs of their “customers” or “clients” rarely are evaluated. This is true, in part, because a large proportion of units in most organizations (e.g. accounting, personnel, finance, research and development, and purchasing) are bureaucratic monopolies that are considered “overhead” and are supported by allocations of resources from top management. Their customers do not have the choice of alternative sources.

THE MONOPOLIES INSIDE

In these overhead-units, real performance is largely irrelevant, as is often the case with monopolies. As long as they satisfy the central power -top management - their positions are secure. No wonder political maneuvering and game playing are the keys to personal success. Meeting budget is frequently more important than quality, quantity or cost of service. The manager who is skilled in obtaining a liberal budget is often the hero. The manager who accepts a tight budget in an attempt to achieve greater efficiency is more likely to be admonished for failing to meet the budget than to receive kudos for conscientiousness.

Transfer pricing, widely used to allocate costs of overhead units, is inherently unfair to either the “seller” or the “buyers” because it is based on rather arbitrary judgments, rather than real market forces.

When severe financial illness strikes, people are treated like any other resource, and downsizing is the liierapy of choice, despite the fact that eliminating people deprives an organization of their creative and productive talents. Shedding unprofitable products, markets, or equipment/facilities, while retaining and reassigning competent people, can be a much more rewarding strategy.

SELFSIZING

Internal market structures promise lasting relief from future downsizing through their inherent capacity to selfsize. When units within an organization are treated as businesses and given the opportunity to determine their own fate, the entrepreneurial spirit is free to energize each unit, and the benefits of internal markets emerge.

Unlike the downsizing remedy, which focuses on cost reduction (mainly on labor costs), internal markets focus on improving profitability by combining revenue expansion with concurrent cost-reduction (mainly from methods and quality improvement).

A growing body of literature builds on the trend of making what Michael Porter' calls "primary activities" accountable for their net contributions to the organization. These particular units can stand alone because they have clearly defined outputs which can be compared with products and services in the external markets. They include, inbound and outbound logistics, operations departments such as component manufacturing and assembly, and sales and service-providing entities. Both in for-profit corporations and revenue-generating nonprofit corporations, these units easily can become formal profit centers; But only a few organizations have gone beyond primary functions and applied similar accountability standards to some support functions that previously had been considered overhead. In Porter's terminology, these are "support activities".

The support areas most likely to become.profit centers, possibly even in governmental agencies, have been "shared service" functions that could be outsourced, such as legal, MIS, research and engineering or product/service development, quality management, accounting, and marketing which includes advertising and sales promodon. (Porter classifies marketing as a primary acrivіries; the authors consider marketing a support function that may serve several primary activities.) A few organizations have experimented with functions that are more difficult (or often impossible) to contract out, such as purchasing, finance, human resource **management** (including hiring and labor **relations)** and even the president's office. While very few instances have been reported so far, these latter support functions could become profit centers in many, if not most, organizations.

When most departments in an organization become independent in that way, an *internal market structure* emerges in which virtually all organizational units operate as profit centers. "Subject to minimal constraints, ...profit centers should have the freedom (a) to buy any service or product they want from whatever source they choose, and (b) to sell their outputs to whomever they want at whatever price they want or are willing to accept" – In short, the unit buys its resources from internal and external suppliers, and sells its output internally, and externally.

INTERNAL MARKET; PRINCIPLES

Three principles characterize intemal market organizations:

• **Internal enterprise units replace the traditional organizational hierarchy.** All intemal enterprises, including line, staff, and other units become autonomous, with full control over their operations (subject to possible executive overrides in order to assure synergy among the units), but they remain accountable for performance. Alliances link them to each other and to units in other organizations.

• **An economic infrastructure guides decisions.** In the organizational "economy", executives perform functions similar to those of governments in national economies. They establish governance policies, common systems for accounting, communications, financial incentives, etc.

• **Leadership is provided for collaborative synergy.** Joint ventures, sharing of technology, cooperative problem solving and similar activities are encouraged among both internal and external partners. The internal market "economy" thus resembles a laissez-faire market; it becomes a community of entrepreneurs in which the corporate executives provide leadership. Each unit is permitted to accumulate profit/ capital, for its own discretionary use, up to a specified level as long as it does not adversely affect any other part of the organiztin or the organization as a whole.

BENEFITS

The concept is compelling. Empowered with vastly greater influence on decisions and the future, members of organizational units develop entrepreneurial outlook and skills. They take "ownership" of their respective profit centers. Each unit adjusts inputs and outputs continually to achieve the most appropriate size and employment mix for its immediate and long-term needs. The organization becomes *self sizing.* Ultimately, the selfsizing mechanism of mature intemal markets would eliminate the need to correct serious past mistakes with downsizing, reengineering, restructuring, regrouping or any of the other euphemisms for firing people.

As an organizational structure, intemal markets possess the potential for substantial *permanent* benefits, if it is adopted gradually and carefully. Intemal markets mirror the success of market economies. They are aligned with the trends toward greater attention to quality and service, the use of selfdirected teams, and innovative organizational structures. They take advantage of the powerful new tools of the information age, and they can stimulate more real democratization of private and public organizations. Intemal markets can help business and non-business organizations become more flexible and responsive in large part because they are catalysts for learning and rapid adaptation.

An intemal market offers all the dynamic advantages of free enterprise:

- accountability to internal and external clients,
- superior quality and service at lower cost,
- continuous self-sizing throughout the organization,
- reduction and even elimination of bureaucracy and office politics,
- accurate information to improve decisions,
- freedom for entrepreneurial innovation,
- flexibility and rapid response time,

- incentives that motivate toward superior performance, and
- training for all managers in general management.

Internal markets also bring responsibilities. Of these, the most important two are the need for top management to accept a significantly altered role, and for lower-level managers and supervisors to develop greater skills for decision making and planning in a *democratic* environment. Sounds simple, but role changes are never easy to accomplish.

TOP MANAGEMENTS'S ROLE

In an internal market structure, coфorate executives are governors of a system, rather than managers. Instead of setting direction and guiding operations through the chain of command, they act like the executive and legislative branches of a democratic government. In effect, they guide interaction rather than acuon.

Top management creates appropriate infrastructure, provides the funds needed by profit centers, redistributes income through the equivalent of taxes and transfer payments, establishes regulations guiding the limits within which profits centers operate, mediates or arbitrates disputes, and ensures full consideration of the overall objectives of the entire organization by monitoring purchases, sales, accumulation and use of capital by the profit centers.

MANAGERIAL AND SUPERVISORY SKILLS

Each profit center is responsible not only for generating income, but also for the effective use of its monetary and material resources. Managers and supervisors, therefore, need to understand organizational economics. They also must be skilled in effectively leading teams, rather than directing them.

Despite lip-service to participative management, most organizations still are command structures. Extensive adjustments and learning are needed for managers and supervisors, below the top level, to adapt successfully to the democratic environment necessary to make internal markets successful. In the new environment, supervisors and managers will be as concerned with establishing the climate, as with exercising control, and little of the control effort is likely to be the "direct and inspect" control still widely practiced today.

When all levels of management understand thehr changed roles and fill them competently, a collaborative synergy exists between units in the internal market. Joint ventures and alliances are encouraged. Through sharing technology and solving common problems, the internal market system generates mutual support among both internal and external partners.

MAKING THE TRANSITION

A reasonably smooth transition from an organization's existing structure to internal markets requires a multi-step process:

- a preliminary, idealized design of what the organization will be like,
- business planning,
- development of an accounting system to satisfy the needs of profit centers,
- staff training,
- initial negotiation of contracts between profit centers,
- determination of the way performance and rewards will be related, and
- capability development.

Supervisors and managers will leam more, and understand better what the new structure demands from them, if they first have a vicarious opportunity to feel what life will be like after the transition.A hypothetical case study, "Preparing for Internal Markets at the XYZ Софoration", in Part 2 of this article, describes a simulation that could provide such an opportunity.

MANAGERIAL GUIDELINES

To prepare for major transitions, in fact, for managerial work in general, organizations should give their managers initial guidelines for making decisions and preparing plans (As used here, managers means all staff members who have supervisory responsibility and/or manage functions which affect people). Later, as they become comfortable with their new environment, they can adjust the guidelines to fit their needs. The guidelines need apply only to the *managerial* aspects of decisions and plans. Guidelines for a manager's *functional* considerations – as educator, entrepreneur, financial professional, healthcare professional, public servant, sales manager, etc. – are not affected by the reorganization.

CONTROL, COMPETENCE, CLIMATE

Managers need guidelines in three aspects of management: control, competence, and climate. These are the CCCs described below and depicted in Rgure 1. (The three "C' words are used even though they are somewhat controversial and subject to opposing interpretations. In fact, the controversies almost compel their use since they attest to the importance of the issues in management theory and action. As used here, however, the applications and conclusions usually are neutral, and in line with views firom all sides of the disputes. For instance, the conclusions are compatible with two extremes in supervisory/managerial behavior. They endorse the words of a hypothetical manager at the Princeton Institute who, at the beginning of a relationship with

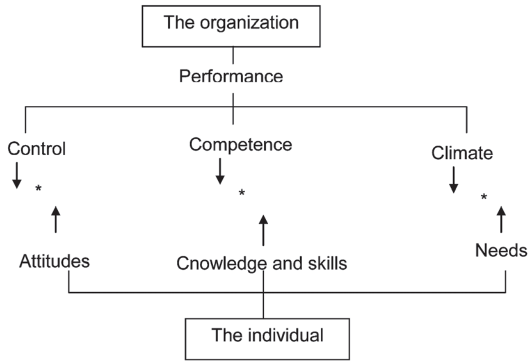

Fig. 1. The three Cs of management. Also known as the “linking elements” concept. Asterisks indicate the skills (linking elements) a manager must apply to facilitate alignment between the needs and characteristics of the organization and the individuals

Albert Einstein, clarifies that his/her role is to be as helpful as possible, while leaving Einstein free to pursue his self-established goals as he wishes. The CCCs also stand behind the supervisor of a retarded housekeeping employee who repeats instructions frequently, and carefully monitors the employee’s work.)

CONTROL. Guidelines are needed for decisions and plans which will ensure appropriate *controls* on the change process for the entire organization, on the adjustinents that follow, and on the direction of the emerging profit centers. These controls need neither be tightly structured nor top-down. Although there are similarities between the control that needs to be exercised at the top level of the organization and that needed at the profit center level, there are also significant differences.

At the top, at the *corporate* level, guidelines for managerial decisions and plans involving control, must provide for effective governance. They need to lead toward establishing sound corporate values and goals, and thorough financial and operational monitoring and feedback systems. The guidelines should help identify emerging problems and ensure that leadership is provided for developing appropriate remedies.

Control at the top level involves decisions and planning with a long-range and strategic perspective. To borrow a phrase from Peter Senge, they are focused on ensuring “organizational leaming”. Conirol is achieved in coordination with profit center managers whose focus is in two directions: the needs of their respective units and the needs of the entire organization.

While strategic and long-range considerations do come into play at the *profit center level,* the majority of managerial decisions and plans at this level are far more detailed and tacticaiyoperational. They require, and the guidelines must satisfy, far greater consideration of their impact on the competence and climate needs of the unit.

COMPETENCE. Besides ensuring appropriate control at each level of the organization, guidelines for decisions and plans have to ensure that the necessary competence will be developed so people will have the knowledge and skills to be effective in the internal market structure and culture.

CLEVIATE. Finally, the guidelines should foster a climate which ensures that theorganization's members will feel committed to the best interest of the entire organization as well as of their profit centers, and motivated to do their best.At the sam.e time, the guidelines should consider the needs and views of other stakeholders, including clients/customers, suppliers, the community, etc.

The initial guidelines that an organization adopts for managerial decisions and plans, to meet the three requirements of control, competence and climate (the CCCs), must become second nature to all organizational members, from top management down to those who *will have supervisory or non-siipervisory responsibilities for projects, processes and functions.*

DEVELOPING GUIDELINES

The function of managerial guidelines is to ensure that rational thought rather than impulse guides every managerial decision and plan.Guidelines offer the best possible tradeoffs when it is not possible to satisfy all three Cs equally.

Initially, the guidelines may require no more than that managers ask three questions of themselves and of any other staff member involved in a decision or plan:

1. How will the alternative we are considering ensure that there will be adequate and appropriate *control* so we will come as close as possible to the expected result and/or how should the alternative be modified so it will ensure effective control?

2. What, if anything, needs to be done so that all those involved in implementing the decision and/or plan have the necessary *competence* to ensure effective progress?

3. What needs to done, if anything, to create a *climate* that will foster the most positive reaction possible among the various people who will have to implement the decision/plan, and among those who will be affected by it?

Obviously, the three questions become increasingly meaningful as a manager gains more comprehensive understanding of the factors that bnng effective control, of techniques for a.ssessing and enhancing competence, and of the influences on climate.

Understanding and using the guidelines effectively are fundamental skills for all successful managers, and are especially cntical in making major transitions in organizational structure, such as the transformation to intemal markets.

PART 2: ILLUSTRATIVE CASE PREPARING FOR INTERNAL MARKETS AT XYZ CORPORATION

XYZ Corporation plans to convert from a conventional organization to internal markets. Prior to starting the transition process, all managers attended a detailed briefing on internal markets and heard the initial thinking about a transition plan that would serve as a blueprint for the changeover. After the briefing, they participated in a simulation designed to give them a hands-on feeling of issues they would be likely to face during the transition. The simulation was intended to provide a real world perspective to the readings, lectures and discussions presented in the briefing, and to put the managers in a better position to contribute fully to the transition plan.

In one segment of the simulation, the managers were divided into groups of ten and told that they were members of an information systems department in a 220-employee messenger service organization, similar to XYZ, that had just switched to a partial internal market organization. For several months preceding the conversion, top level managers discussed in detail the business and ethical issues affecting the profit centers and the decisions involved in developing a thorough transition plan. After some training for the affected departments, three departments became independent profit centers and started operating under the new system. They were the sales department with 15 representatives and three managers, the operations department with about 150 employees and the information systems group with a staff of ten. The remaining employees, in customer support and other sales services, and administrative and financial activities would not immediately be affected.

In each simulation team, one of the XYZ managers was to assume the role of Doug Noble, the information systems manager, another one was to be Susan, the senior programmer and the most competent st^ member, and a third was to be Sam, a bright, young and ambitious hourly employee who has good writing skills and works in data input processing. Other roles were assigned to the remaining participants in the simulation.

After organizing themselves, each simulation team read the following scenario:

ONE SCENARIO

Doug is approached by Mary Lafare, vice-president for sales, to submit a proposal for a complete sales department information system. It should replace all existing hardcopy reports, and provide sales management and the representatives with on-line access to the home office. That will make data and other information available for use in planning, and during presentations to customers At the same time it will streamline communications with and within the salesforce. Mary mentions that she also is seeking proposals from two outside organizations. The outside firms will bid on the design and installation of the system, and also on its operation and maintenance. She hopes that work on the new system can start within a month or two.

At first, Doug is shocked. The existing sales support systems, which will be replaced by the new one, represent about 25 percent of the work performed by his department. Losing them would make it necessary to find work quickly from other firms, or cut staff.

Though Doug had been aware that his department would have to prepare for a competitive situation, he had not expected to be thrust so quickly into one of such magnitude. Some members of his staff, possibly more concerned than he, had asked for some time that the possibility of seeking outside work be discussed a a staff meeting. So far, however, it had been difficult to find an appropriate time.

Before doing anything else, Doug asks Mary whether she is willing to postpone the project a while, so the information systems department can have more time to adjust to the new conditions. He also asks how she intends to handle the competitive aspects. If his department's initial proposal is not selected, will they be given a chance to match the conditions of the preferred outside offer?

Mary is empathetic, but she points out that she can not operate as a profit center with antiquated reports. Also, she believes it would not be ethical to let Doug see the outside proposal. She says the best she can do is to give him an opportunity to revise the proposal if it would not be chosen otherwise.

Doug feels that her position is somewhat harsh but he realizes that it rests solidly on the best interests of her profit center At the same time, he thinks that the interests of other .departments should be given greater weight. He recognizes, however, that it probably is futile to appeal to the management committee that has retained the role of final arbiter in disputes between profit centers.

Doug decides that a superior proposal, coupled with increased effort to obtain outside work, is a much more promising way to go.

Doug realizes that he must involve his people quickly .Either Mary is acting strictly on her own (which he doubts), or the sales department has kept the idea of a drastic change to a new information system very confidential. Now that Mary has spoken to him, word will be out soon, and he prefers that his staff hear about it from him, rather than through the grapevine.

Doug calls a meeting for the same afternoon.

XYZ REACTION

This is where the XYZ managers started their simulation. They had 90 minutes for role playing, followed })y team reports and debriefing. What follows is an account of how one of the teams carried on the simulation and of the debriefing that followed the team's report.

Doug asks for suggestions about how the department should react to the challenge. There are some expressions of dismay, and annoyance at the sales department. That gives way to suggestions about what to do.

Susan, the senior programmer and most competent staff member, suggests that she be given some help so she can concentrate on preparing a proposal for review and comments by the group.

Sam – the bright, young and ambitious data input/processing person, with good writing skills arid an hourly paycheck - volunteers to stay late with Susan because he wants to learn more about proposals. He says he can do calculations, help Susan evaluate options, and write initial drafts.

Others say that, if the proposal represents so much additional effort, everyone should share the work somehow.

Susan offers to work a few extra hours during the remainder of the week and on Saturday, if Sam is assigned to help her during those hours. Doug notes that the additional cost for Sam's overtime can be covered from the discretionary account in the budget. Everyone agrees to go that route. They decide that Susan should present a fairly detailed draft plan of her proposal at the next staff meeting.

With the more urgent, though not necessarily more important topic out of the way. Doug asks for suggestions about how to search for outside business so the department will be able to absorb shocks such as the potential loss of the sales department information system.

This discussion does not go smoothly. Consensus can not be reached. Some say that only members of the department know enough about its operations to approach potential clients. Others ' say they need advertising and direct mail solicitations. Still others want the department to hire a marketing consultant to prepare a marketing plan. Someone even suggests that the company's sales department could be hired on a commission basis to help obtain work.

Several people feel this issue deserves even greater urgency than the proposal because it will make the department more independent and provide a cushion if the sales department uses an outside source.

Listening to all the ideas and sensing the strong feelings that accompanied some, Doug realizes it is useless to come to a final conclusion immediately. He calls a break and asks everyone to discuss the suggestions informally during the break.

A few minutes later, the 90 minutes were up and the debriefing of the simulation began.

COMMENTARY

The case illustrates one of the more serious challenges managers meet when they assume leadership of a profit center in an internal markets organization. To develop realistic transition plans, difficult decisions have to be made, and sound guidelines are needed for evaluating the quality of such decisions and plans against desired outcomes. (See section entitled "Managerial Guidelines.") For organizations to be as effective as possible, the guidelines need to be followed by managers at all levels, from the very top down to the small teams within profit centers.

In the situation described in the simulation, the decision/plan guidelines concerned two issues:

- What kind, and how much, influence or participation should staff/group members, including the leader, have in a decision?
- What rules should apply to the way in which importance and/or urgency of an opportunity, challenge or problem, impact on a decision?

INFLUENCE AND PARTICIPATION GUIDELINES

Some decisions and plans require high level technical competence; others can be made without such expertise. In some, group members want a significant voice; in others, they do not care much.

For a decision *requiring considerable expertise,* an efficient decision-making process requires that an expert or a small team of experts be selected from among the group members, possibly including outsiders. The expert(s) should recommend options, from which the entire group can select one and, if necessary, modify it as a group. This involvement, if lead competently, ensures that the options will be as sound as possible and that all members of the team will "buy" the selection, or at least understand why it was chosen.

Some decisions or plans have httle impact on people, and people care little how they are made, as long as they bring a satisfactory result. Whether the decisions require extensive or little expertise, some knowledgeable person should make a recommendation, which undoubtedly will be accepted with minor changes at most.

If these participadon guidelines are respected, decisions will be made effectively and group members will not feel as though they have been asked to participate only so they can share the blame if things turn sour.People will be satisfied that they have had ample opportunity to express their opinions and have been given serious consideration. Group members will not feel as though they have wasted time in loosely run meetings. The leader will receive credit for high level competence with respect to concern for the task at hand and for the needs of the people involved or affected.

IMPORTANCE AND URGENCY GUIDELINES

Managers also need guidelines to help them assure that urgent but unimportant matters do not receive inordinate priority. Furthermore, they need guidelines to help them create a sense of urgency for important challenges and problems that may not be given enough priority. This is often the case with important long-run goals that do not set off alarms until it is too late. A good way to create the necessary artificial priority is to prepare a broad-brush plan and deadlines.

In the initial scenario read by XYZ team members, Doug had failed to lead his group toward creation of a marketing plan and the assignment of time lines. This invited the crisis situation that threatened their job security. Doug's failure to respond to suggestions for action on this important matter created a difficult environment for the group's transition to becoming a profit center. Undoubtedly, it also damaged his image as a fully democratic profit center manager.

This failure was compounded when the simulation team failed to recognize that it needed expert input to this decision and plan.

CONCLUSIONS

In the simulation, Doug conducted himself as most managers would, and do. He understood his people's need for information that affects them and he attempted to involve them appropriately. The group responded and unwittingly used an efficient process for making the simpler decision concerning the proposal preparation.

The far more complicated marketing decision had been delayed unnecessarily. If the situation were real, many frustrations and conflicts would emerge before agreement would be reached. Unless the group did the right things through accidental competence, or as a result of competence based on full understanding of sound decisionmaking guidelines (see "Managerial Guidelines"), it is likely that the final plan would *not* be as effective and successful as it could be.

As a result of the way the simulation's two issues – the proposal and the marketing plan – were handled, *control* was effective with respect to the proposal and weak for the marketing plan. *Competence* was enhanced for Sam and, belatedly, for the group members who would play a role in implementing the marketing plan. The plan undoubtedly will bring better results if it includes, appropriate, deliberate training steps. The impact on *climate* was neutral at best, depending on how quickly the marketing decisions are made and how well the decisionmaking process and the final plans satisfy the needs of staff members, especially their time pressures and job security concerns.

This article does not discuss all the guidelines for managerial decisions/plans suggested by the CCC concept; it addresses only those applicable to this situation. Managers who are facing significant change will want to consider most or all of the guidelines, especially if their challenges involve shaping units that are self-renewing, selfsizing, and responsive to the changing needs of the environment. Widespread use and understanding of decision/plan guidelines can help organizations gain full advantage of the promise of internal markets and avoid the gutwrenching restructuring and downsizing that are so much part of the revolution brought on by the excesses of the past.

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