



TRIZ and Paradox Management

Jung-wha Han
Professor of Strategic Management
and Entrepreneurship
Hanyang University



TRIZ and 3 P's

TRIZ as Perspective

TRIZ as Principle

TRIZ as Practice

Paradox Management

➤ Paradox

A person, thing or situation that has two opposite features and therefore seems strange.

A statement containing two opposite ideas that make it seem impossible or unlikely, although it is probably true.

Source: Oxford Advanced Learner's Dictionary

➤ Paradox Management

- Crisis of Rational Management -> More Attention to Paradox Management
- Paradoxical Management
- Managing paradoxes

Paradox Management

- Paradox management is not the mere combination of two opposite factors but the pursuit of opposite extremes.
- Paradox management is not to make grey color by mixing black and white but to keep black and white simultaneously.

Contradictory Choices in Management

- Competition vs. Cooperation
- Focus vs. Diversification
- Differentiation vs. Integration
- Control vs. Autonomy
- Formal vs. Informal
- Centralization vs. Decentralization
- Analysis vs. Intuition
- Change and Stability
- Top-down vs. bottom-up
- Mechanistic vs. Organic

Classic of Paradox Management

- Chester Barnard(1938), Pioneer of Modern Management Theory, CEO of New Jersey Bell
- Functions of the Executives(1938)
- Three Key Factors of Organization:
 - ① Common Purpose ② Willingness to cooperate
 - ③ Communication
- Effectiveness vs. Efficiency
- Internal equilibrium (input vs. output)
- External Equilibrium (social contribution vs. resource mobilization)

Paradox Management and In Search of Excellence

➡ In Search of Excellence(1982)

➡ T. Peters & R. Waterman(1982)

- ➡ Bias for Action
- ➡ Close to Customers
- ➡ Autonomy and Entrepreneurship
- ➡ Productivity through People
- ➡ Hand-on, Value-driven
- ➡ Stick to the Knitting
- ➡ Simple Form, Lean Staff
- ➡ Simultaneous Loose-tight Properties

Paradox Management

◆ Peter & Waterman (In search of Excellence)

"Tight and Loose" Tight discipline reduce the autonomy.
Too loose organization reduce the efficiency and consistency.
They stimulate the autonomy and experimental spirit based on the discipline and core values. They are very stubborn and tight control on core values but let the autonomy be lively at production site and product development team.

◆ Arie de Geus (Living Company)

The longevity of companies depends on the co-existence of internal cohesion and tolerance for outside.

Paradox Management and Visionary Companies

➡ Kobayashi of NEC

- Stability in instability
- Stable company is unstable and unstable company is stable. Instability is a source of company growth and dynamism.

Paradox Management and Visionary Companies



Collins & Porras(Built to Last)

Purpose beyond Profit

Fixed core ideology

Clear vision and sense of direction

Big hairy audacious goals

Ideological control

Extremely tight culture

Investment for the long-term

Organization aligned with a core ideology

**Dilemma
Paradox
Contradiction**

Pragmatic pursuit of profit

Vigorous change and movement

Opportunistic groping and experimentation

Incremental evolutionary progress

Operational autonomy

Ability to change, move, and adapt

Demands for short-term performance

Organization adapted to its environment

Paradox of Management

◆ Samsung Way to Super-excellent Company

- Aggressive Decentralization and Strong Control by HQ
- Broad Delegation and Through Checking

◆ Left vs. Right Brain

- **Left** : Logic, Analysis, Serial Thinking
- **Right:** Emotion, Intuition, Relational Thinking
- **Left brain** : Rational but Conservative
Tight administration but less future-oriented.
- **Right brain:** Aggressive and creative challenge
but less stable and analytic.

Contradiction and Innovation

Many CEO's tried to achieve the managerial excellence through changing their organizations, but most of them failed.

Why?

➡ **NATO vs MBA**

➡ **NATO: No Action, Talk Only**

- Agree globally, disagree locally (Conflict of Interest)
- Organizational Inertia (Status Quo Mentality)
- Fear of Failure (Risk of Change)

➡ **MBA: Master of Bull Action**

- Book Smart, Lacking Street Smart
- Passion without Right Direction
- Focus on Analysis, Neglect Socio-political/behavioral process

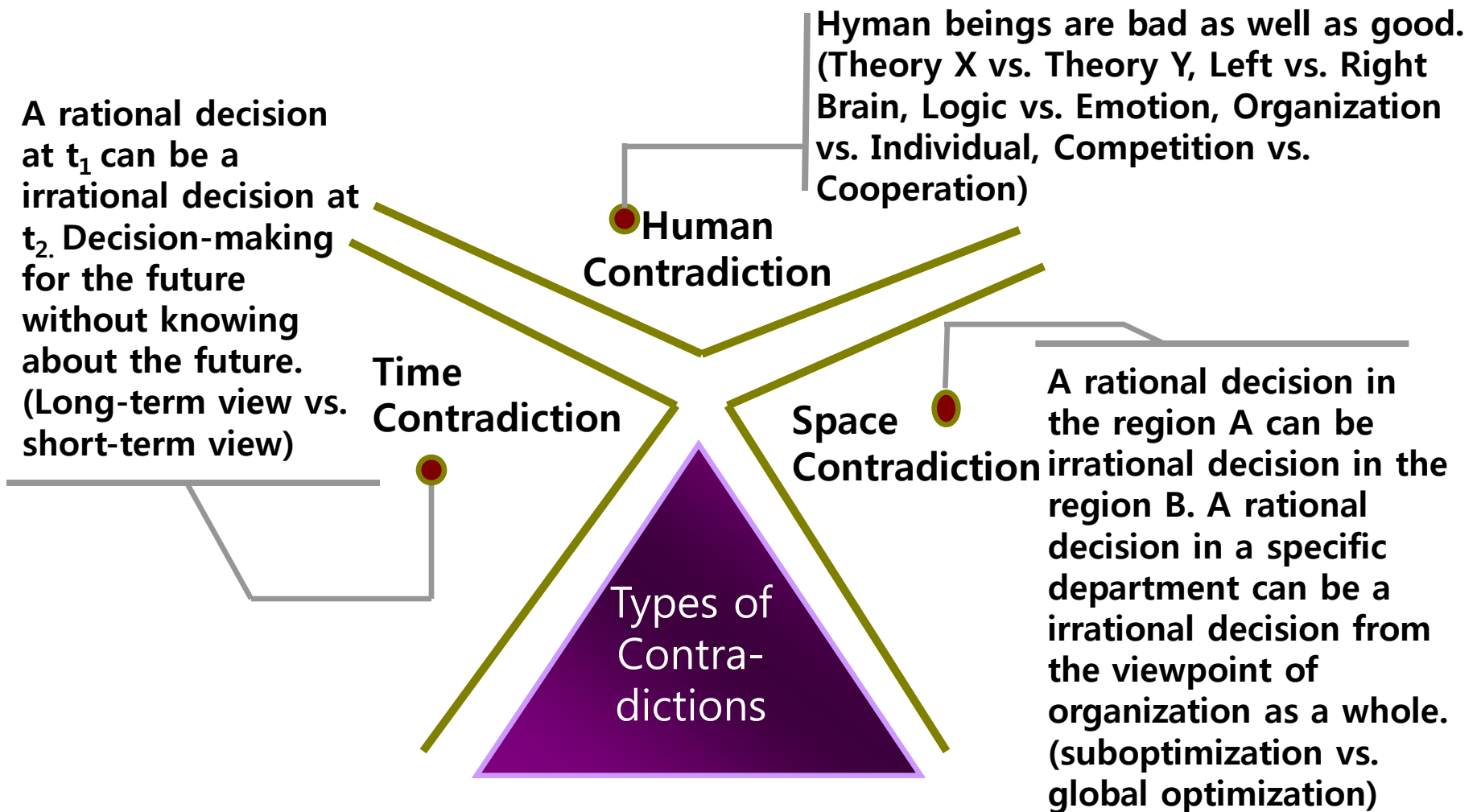
Contradiction and Innovation

- ▶ To succeed in change and innovation, we need goal, passion, and a sense of balance.
- ▶ To succeed in change and innovation, we need to understand the nature of contradiction in management.
- ▶ Why contradictions happen in management?
 - Human Factors
 - Time Factors
 - Space Factors
- ▶ Innovation is the outcome and process of solving the contradictions.
- ▶ What is the most important role of leader to succeed in innovation?

“In the process of innovation, a leader ask the harsh task to the follower. The role of leader is to obtain the positive response from the follower.” (zone of acceptance by C.I. Barnard)

Wisdom of Management

Wisdom of management lies in the management of paradox. Historically, great innovation has come from the human efforts to overcome contradiction managerially as well as technologically.



Case: Namsan Restaurant in Japan

Labor-management relation is a kind of contradictory relation.

Everlasting parallel between employer and employees.

Employer want the employees to do their best and to be satisfied with the given salary.

Employees want to receive the best rewards with job security

Relationship Change



Transformed labor-management relation into teacher-student relation.



Win-Win Relation
Philosophy of Co-prosperity



Mind innovation
→ Transformation of relationship

Background

- Reaching the mature stage of European furniture in the 50's.
- High price of conventional furniture and transferred to next generation.
- Young generations were unable to buy the expensive furniture due to the income limit.
- They need light and strong furniture due to frequent moving.
- Furniture stores are located in downtown and have to pay the expensive rent.

Contradiction

- Demand for the variety of design and limit of display floor size.
- Income limit but better design.
- Bulky but transportable.



Solution

- 13. The other way around : Change of store location from downtown to suburban to obtain spacious display floor with low cost.
- 17. Another dimension : Catalogue to overcome the limit of physical display.
- 1. Segmentation: Developing the Assembly-type furniture to enhance transportability.



Paradox Management and Sense of Dynamic Balance

- Management wisdom comes from your capacity to understand and manage the paradoxes in management
- Vision and passion for excellence
- Great vision and strong passion may bring the loss of sense of balance.
- Balance is not a compromise but a dynamic equilibrium.
- Key for successful paradox management is to keep a sense of balance in managerial decision-making and implementation.

Thank you!

Q&A