A SYSTEMS PSYCHODYNAMIC PERSPECTIVE ON THE ORGANIZATIONAL DIAGNOSIS OF A FAMILY BUSINESS

by

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Abstract

A SYSTEMS PSYCHODYNAMIC PERSPECTIVE ON THE ORGANIZATIONAL DIAGNOSIS OF A FAMILY BUSINESS

by

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Systems psychodynamics, an intellectual and clinical approach to exploring the behavior of individuals and groups in organizations, is employed to develop hypotheses about the behavior of the managing partners and staff of a family business. Known in systems psychodynamics as organizational diagnoses, hypotheses are developed based on data gathered over the course of eighteen months' observation of the business. Special attention is given to the contribution of the process of projective identification in making sense of unconscious aspects of group behavior as they relate to the management of the business. The data are also used to illustrate the interactive role of systems and psychodynamics in the understanding of organizational behavior. Suggestions are offered to future student organizational diagnosticians on how to employ systems psychodynamics in their research.

Acknowledgements

When I enrolled in Larry Gould's course on group and social process seven years ago, I neither knew that systems psychodynamics existed nor how excited I would be to discover it. Since then, Larry's teaching and guidance have only intensified my interest. I am deeply grateful for his support and mentoring and I look forward to benefiting from many more years of it.

One commitment that Jeff Rosen shares with Larry Gould is an all-too-rare dedication to developing new psychologists. Jeff spent hundreds of hours, both individually and as leader of a dissertation support group that he pioneered at City University, helping me to develop my ideas and to try to express them clearly. From my right hemisphere to his, thanks!

Jim Krantz barely knew of me when I asked him to join my dissertation committee, but then he read draft after draft after draft and gave me thoughtful feedback each time. I appreciate his generosity.

Jody Brandt, Diana Diamond, Erika Goldberg, Tom Meyer, Susan Palmgren, Zoya Simakhodskaya, Josh Srebnick, Carole Srinivasan and Lissa Weinstein all made important contributions of different kinds to me that helped immensely. My parents, Julian and Hope Edison, somehow tolerated the anxiety of wondering if I would ever finish and have always supported me in my endeavors, as has my brother, Aaron.

I have long worried that I would not grow up, which is a tough task even for lucky people. Completing a project as difficult as my doctorate symbolizes for me that I have done so, and I hope that my perseverance will provide encouragement to Sam and Isabel as they continue their bright advance into the world.

To thank Ilaina for her unwavering love and support seems hopelessly inadequate. I can't do better than to paraphrase King Solomon: "A partner of valor, who can find? Her value is far above rubies." Yrtl!

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A Systems Psychodynamic Perspective on the Organizational Diagnosis of a Family Business

Introduction

In this research I explore some aspects of the behavior I observed and responded to during an eighteen-month period in which I studied one family business.

For this task I employ a perspective, or paradigm, known as systems psychodynamics. I use the terms "perspective" and "paradigm" in the sense put forth by Palmer (2001, p. 159) to describe a system of thought that "defines the terms in which assertions about reality are framed, and legitimates the practices which are accepted as means of exploring that reality." As Palmer noted, the systems psychodynamic approach draws upon several social science disciplines, most notably systems theory and psychoanalytic theory.

In this research I neither use nor understand a systems psychodynamic perspective primarily as a theory in the sense of theory's formal definition as an "explanation for a class of phenomena" (Random House Webster's College Dictionary, 1997, p. 1334). Rather, I use systems psychodynamics as a specific intellectual, clinical and psychological process that helps me to generate hypotheses about the meanings of group behaviors. In this connection, I want to emphasize that other hypotheses can be developed through different uses and interpretations of a systems psychodynamic perspective, as well as through exploration of the data using unrelated psychological approaches and processes.

A Few Words on Projective Identification

Throughout this research I explore the concept of projective identification (PI) at some length and in many ways. I do so because this complex phenomenon is central in much recent work in the literature of the fields of psychoanalysis and systems psychodynamics (see, for example, Schore, 2003; Hinshelwood & Chiesa, 2001; Klein, Gabelnick & Herr, 2000; Mitchell & Black, 1995; Obholzer & Roberts, 1994). In this research I understand PI both as a clinical process for the building of hypotheses about data sets and as a data set in its own right. By hypotheses I am referring to the development of ever-deeper understandings rather than attempts to support or falsify an assertion. Accordingly, my research represents a test of the overarching hypothesis that the use of PI as a methodology for data exploration offers a crucial complementary perspective to other approaches.

My thinking about PI evolved in the process of conducting this research, and the alert reader will notice places in the text where some of my ideas remain disconnected from one another. For example, I wish to clarify immediately my somewhat confusing use of the terms "PI" and "transference and countertransference." I understand PI to operate differently in individuals and in groups (where it is sometimes easier to identify), and I view PI as relating intrapsychic individual transference and countertransference experiences to interpersonal unconscious communications experiences. Further, what I as an individual experienced as transference and countertransference in my research frequently resulted, I believe, from the operation of PI as enacted between me and a sub-group within the family business.

Finally, while as I noted above that current work on PI is widespread in psychoanalytic and systems psychodynamic literatures, the latter explores the concept in a scattershot fashion. That is, I am aware of no work that *systematically* explores the power of PI to generate hypotheses about organizational behavior.

Plan of the Dissertation

The paper begins by exploring how individual-level concepts of the psychoanalyst Melanie Klein underpin the psychodynamic aspects of systems psychodynamics theory. I then discuss how the work of Wilfred Bion and Laurence J. Gould has extended and adapted Kleinian thinking to develop group-level psychodynamic concepts that aid in the understanding of group functioning.

Chapter Two is devoted to discussing five additional major psychodynamic concepts of systems psychodynamics, with particular emphasis on the use of group projective identification as a crucial complementary perspective linking the other four.

In Chapter Three, I show how a systems psychodynamics perspective on organizational behavior derives in part from the earliest modern systems theories, those of Ludwig von Bertalanffy and Kurt Lewin. I then discuss the application of von Bertalanffy's open systems theory to organizations and I explore several related systems concepts that compose the systemic aspect of a systems psychodynamic perspective.

Chapter Four summarizes the interactive role of systems and psychodynamics in systems psychodynamics, and Chapter Five presents the methodology used to collect and interpret the data of this dissertation.

In Chapter Six I present the historical and systemic data and Chapter Seven details the group psychodynamic data. Chapter Eight provides a formulation that integrates the systemic and psychodynamic data, and Chapter Nine offers a discussion of the formulation in some detail.

I. An Overview of the Psychodynamics of Systems Psychodynamics

The five psychodynamic concepts that have become central to a systems psychodynamics approach were originally anticipated or described by Klein (1928, 1935, 1945, 1946, 1959) to refer to her psychoanalytic work with individuals. These five concepts, which as we will see were later adapted by Bion in his work on group dynamics, include object relations, splitting, projective identification and the paranoid-schizoid and depressive positions.

Klein first hypothesized that a person's psychological world is influenced from early on by his experience with parents and siblings. Based in part on his life with them, he will develop a set of hopes and fears about how he will be treated by others, as well as a collection of beliefs and attitudes about how he should act in the world. Yet Klein also believed that the human infant is born with strong impulses that combine with his experience of his family to compose his internal world. This is why Klein developed the term "object" (1946, p. 6; 1959, p. 593) to refer to the infant's entire mental experience of those who are meaningful to him. She believed that our experience of others is not wholly dependent on others' behavior, but also depends on the innate emotions, fantasies and cognitions that we bring to our interactions with those others. This idea anticipated what is

known as the British object relations school of psychoanalysis (Mitchell & Black, 1995).

Klein also put forth ideas about how people manage their emotional lives. She observed, for instance, that the same mother who sometimes satisfies her infant also sometimes frustrates and enrages him. Thus the behavior of objects in the real world evoke complicated, ambivalent feelings in the infant and have psychological meaning for the infant aside from the qualities of their actual physical existence. But for a long time the infant attempts to "split" (1946, p. 6; 1959, p. 293) objects into either all-good or all-bad in an effort to tolerate his tumultuous emotions. That is, the infant finds himself either experiencing an object as wholly good or wholly bad. Splitting, in Klein's view, helps to manage emotions by allowing the infant to avoid the anxiety and emotional complexity inherent in the fact that actual people in his life evoke good and bad feelings simultaneously. Klein hypothesized that splitting continues at an unconscious level in adults, although its black-and-white nature can sometimes be mediated through efforts of the mature adult ego.

In a related mechanism that Klein believed operated throughout the lifespan, she theorized that powerful feelings are also modulated by a psychological mechanism she called "projective identification" (1946, p. 11). In one contemporary understanding of projective identification, the mechanism is a two-step process, the first of which involves someone's denying and expelling one's anxiety-producing feelings and fantasies. The person expelling these mental contents does so unconsciously by attributing them to someone else. As with splitting, this first step of projective identification enables the projector to reduce his anxiety, thus serving a defensive function.

The second phase of projective identification functions as a form of unconscious interpersonal communication. In this second phase, "there is an interpersonal interaction by means of which the recipient [of the feelings expelled by the projector] is pressured to think, feel, and behave in a manner congruent with the ejected feelings…" (Ogden, 1982, p. 2). Or as Bion notes about projective identification in the psychoanalyst-patient relationship, "…the analyst feels he is being manipulated so as to be playing a part, no matter how difficult to recognize, in someone else's fantasy (1961, p. 149)." In projective identification, the information being communicated by the projector is contained in the enactment between the communicator and the recipient, rather than in conscious, more typical communication channels (Ogden, 1982).

Later in this paper, I hypothesize that the concept of projective identification offers a distinct link between the individual's intrapsychic world and the world of interpersonal relationships, and I assert that this understanding of the linking function of projective identification is critical in any understanding of a systems psychodynamic perspective.

In addition to the concepts of object relations, splitting and projective identification, Klein postulated the existence of two patterns of intrapsychic organization that she referred to as the "paranoid-schizoid position" and the "depressive position." Klein asserted that these patterns developed in infancy and represented the origin and development of individuals' object relations. Within these patterns of functioning, therefore, individuals employ splitting, projective identification, and a variety of other conscious and unconscious defenses and coping strategies. Klein hypothesized that these patterns remained active throughout the lifespan and that adults'

psychological functioning oscillated between the two positions (Gould, 1997).

Briefly, the paranoid-schizoid position refers to the infant's early inability to comprehend people as whole, complex entities capable of evoking both pleasurable and anxious feelings in the infant. As noted above, to manage his anxious feelings the infant unconsciously begins to attribute them to others outside himself. When adults function in the paranoid-schizoid position and attribute anxious or objectionable feelings to others, these adults experience themselves as internally wholly content while others are wholly difficult. Rather than proving capable of interacting more directly with others as a way of ameliorating the anxious feelings, adults who are functioning in the paranoid-schizoid position tend to distance themselves defensively from others. They are also likely to relate to others through projective identification.

The depressive position refers to a more advanced developmental state in which the slightly-older infant can now take in the important people in his life in a more complex way. The depressive position is the beginning of the psychological existence of interpersonal relations. In other words, the infant is slowly becoming aware that his behavior can affect that of others and thus that interactions with others are capable of modulating his feelings. When adults function in the depressive position, they are capable of giving to and getting from others in ways that constitute mutually beneficial and conscious interaction patterns. Their use of projective identification is relatively infrequent.

Adapting Klein's Individual-Level Concepts for Group-Level Analysis: Bion and Gould

Bion's extension and adaptation of Kleinian psychoanalytic approaches for use in studying groups was in his view sufficiently novel that it required a new set of descriptive concepts. Psychoanalysis studies individuals, and it is obvious that individuals compose groups. It follows that a group's behavior might therefore be understood by psychoanalytic explorations of the mix of behaviors of the individuals in the group. But Bion explicitly rejects this approach, noting that he is dealing with "different subject matter" than psychoanalysis (1961, p. 142). Instead, Bion makes clear that he views the group as an entity whose behavior cannot best be grasped by thinking solely about the interplay of its individual members. He focuses on the behavior and unconscious motivations of the group as if it were an organism all its own.

In following Klein, Bion's central point is that the processes that take place in groups most often resemble, in individuals, early and pre-Oedipal part-object relationships (such as splitting) and primitive anxieties. These group processes less often manifest the whole-object types of relationships (characterized primarily by conscious giving-and-taking) that form the basis of Freud's classical psychoanalytic theory of group psychology (Gould, 1997). As I shall later hypothesize, in asserting that group processes most often resemble primitive object relations found at times in all individuals, Bion was referring to the phenomenon of group-level projective identification (as distinct from the sort of dyadic projective identification that is the subject of other writing about the concept).

Bion illustrated his ideas about group process by means of what he called basic assumption theory. Based on his experiences of leading groups at the Tavistock Institute, Bion noticed that "there are times when I think that the group has an attitude to me, and that I can state in words what that attitude is…(1961, p. 142)." Bion eventually believed that he had discerned three distinct emotional attitudes of groups, which he labeled "fight-flight" (1961, p. 73); "dependent" (1961, p. 78); and "pairing" (1961, p. 150). Speaking generally, the fight-flight group acts as if it were fighting an enemy from the outside, or if it were fleeing from that enemy. A dependent group behaves as if it were depending on some one person to provide what it lacks in order to act, and a pairing group acts as if it must reproduce itself through the intercourse of two special people within it. Bion's view was that the basic assumptions function in part as group-level defenses against the kinds of primitive anxieties that Klein theorized exist from earliest infancy. Bion contrasted group basic assumption behavior with "work group" behavior, which he understood as group mental functioning designed to facilitate the work task for which the group has convened (1961, p. 188).

Though Bion believed that substantive correspondences existed between his group-level basic assumptions and Klein's individual-level paranoid-schizoid and depressive positions, he never actually described these correspondences himself (Gould, 1997). In an effort to make possible more advanced clinical and conceptual thinking about group life, Laurence J. Gould (1997) has elaborated the links between these two sets of concepts. By doing so, Gould supplies the intellectual underpinnings for using the paranoid-schizoid and depressive positions as group-level analytic concepts.

Beginning with the correspondence between the paranoid-schizoid position and the basic assumption fight-flight group, Gould notes that the

major source of anxiety in the paranoid-schizoid position is persecutory fear (hence the "paranoid" part of the term). He points out that this fear is defended against by splitting objects into all-good and all-bad. It is this splitting that is responsible for the "schizoid" part of the term. Of course, following Klein, splitting has some critical adaptive aspects, such as the ability to develop healthy suspicion and skepticism and to order experience.

Bion's view of groups functioning in the basic assumption mode of fight-flight is that both persecutory anxieties and defensive splitting occur frequently. In other words, what takes place is a division into two groups in which the in-group is idealized and all aggression and hostility is split off into a hated out-group. Such splitting defends against the emotional difficulty of recognizing and integrating one's own destructive and hateful impulses. However, the adaptive use of the fight-flight mode in groups can provide the basis for commitment and loyal followership, especially in the face of the need for defense against real-world external threats (Gould, 1997).

Next, Gould links the depressive position with basic assumption dependency group functioning. In individuals operating in the depressive position, anxieties about one's own destructive and envious impulses and their impact on one's parent are matched by feelings of guilt and despair. The pattern of defenses against such anxieties takes the form of compensatory reparative behaviors. It is in part these reparative efforts that help depressive position functioning to prove sometimes adaptive by fostering impulse control, realistic guilt and gratitude, and the ability to link internal states and external behavior.

In groups, basic assumption dependency operations are characterized by fears of abandonment by and retaliation from the all-powerful leader on

whom the members depend. These fears are joined by feelings of helplessness and depression. In the group there exists a significant asymmetry between the supposed powers of the leader and the followers, accompanied by a leveling of peers and an idealized view of the leader's abilities. Of course, this group constellation can prove useful when tasks require appropriate submission to authority, the capacity for maintaining dependent relationships without losing self-esteem, and the ability to learn from more-knowledgeable others (Gould, 1997).

Finally, Gould explores the correspondence between Oedipal dynamics and the basic assumption pairing group. He points out that the psychodynamics of dyadic and triangular object relations start to take shape as the infant begins to attain the capacity for whole object recognition. The Oedipal anxieties center around fears of exclusion and of hostile retaliation from one parent resulting from desires directed toward the other parent. Among the defensive maneuvers employed include identifying with the perceived aggressor and plain-vanilla denial or idealization. If development goes well enough, resolutions of Oedipal conflicts can result in critical emotional capacities including those of romantic love and intimate mutuality.

In groups, anxieties and defenses centering around the role of paired members indicate that the basic assumption pairing dynamics are operating. In such dynamics, the recognition of separateness is displayed in the mobilization and maintenance of a pair, and the relationship of the pair is frequently idealized. The unconscious group fantasy is that the pair will produce a savior that will solve the group's difficulties. Of course, this is a defensive view because such impulses as rivalries and sexual jealousies must be split off or denied for the view to be maintained. But when this basic

assumption operates in a sophisticated manner, it can encourage the effective leadership of a pair in the service of required change and adaptation (Gould, 1997).

II. Additional Major Psychodynamic Concepts of Systems Psychodynamics

Contemporary group and organizational consultants use a wide variety of psychodynamic concepts in their work. Yet for those practicing in the systems psychodynamic tradition, the unique conceptual touchstones remain the thinking of Wilfred Bion and the concepts of Melanie Klein on which Bion's work, as discussed above, is in part based (Gould, Stapley & Stein, 2004). I have explored above how Klein's and Bion's work developed the concepts of paranoid-schizoid and depressive positions, as well as those of the basic assumptions.

In addition to Klein's and Bion's concepts noted above, I will discuss in this section five additional major psychodynamic concepts used in systems psychodynamics. The concepts are group-level projective identification, containment, holding environment, social defenses and relatedness. I begin by exploring group-level projective identification because it is understood within systems psychodynamics as an unconscious interactional process through which groups coalesce into patterns of behavior described by the paranoid-schizoid or depressive positions and by basic assumption theory. As well, group-level projective identification is understood to serve as one unconscious means by which relatedness is communicated in groups; it is viewed as one mechanism that allows containment and holding environments to develop; and it is also seen as one

process through which social defenses emerge. In short, I am hypothesizing that the concept of group-level projective identification connects central psychodynamic concepts that characterize a systems psychodynamic understanding of group functioning. Later in the paper, I will hypothesize that this linking function is one of the critical complementary perspectives brought to systems psychodynamics by the concept of group-level projective identification.

Group-Level Projective Identification

Earlier in this paper I briefly described one process of projective identification as it is understood to transpire between two individuals. I also noted that the way in which projective identification is viewed as a kind unconscious communication between individuals' intrapsychic and interpersonal fields is central in a systems psychodynamic paradigm.

In groups, the diverse and complicated interactions between and among individuals invariably give rise to feelings of anxiety, anger, disappointment and other emotions that are both consciously shared and felt unconsciously by the group members to be intolerable. Once such unconscious intolerable feelings are engendered in several individuals, they are ripe for the kind of denial and expulsion that takes place in individual projective identification. However, because the intolerable feelings in a group are frequently shared by more than one individual, the group projective identification process differs from that of dyadic projective identification.

In groups, I hypothesize that what often occurs is a polarizing into partially separate psychological sub-groups in which one sub-group

functions as the projector and one functions as the recipient. The members of the projecting sub-group feel a sort of preconscious virtuous bond with each other, since they unconsciously believe that they have done away with an unacceptable aspect of themselves. At the same time, the members of the recipient sub-group experience themselves as full of the expelled unwanted feelings. The projecting sub-group then exerts pressure on the recipient sub-group to behave in ways consonant with the shared projected fantasy (Ogden, 1982). It is important to note that in group projective identification, the recipient of projected group mental contents can be an individual, a sub-group, or a sector of an organization or societal group (Gilmore & Krantz, 1985).

Ogden (1982, pp. 130-1) offers an example of group projective identification at work on a psychiatric hospital unit. During a period in which many staff members were absent on vacation, the patients felt neglected and uncared for. Community meetings for several weeks were characterized by long periods of silence and decreasing patient attendance. At one meeting, one patient began to speak in a pressured, belligerent and controlling fashion. When staff attempted to make time for other patients to speak, this patient accused the staff of "having it in for her." On the one hand, the patients who were listening appeared and felt victimized by the speaker and were gratified by the staff's attempts to defend them from her attacks. Yet whenever the speaker appeared to tire of monopolizing the meeting, another patient would chime in with an indirect reference to a past situation which the monopolizer had found humiliating.

On this psychiatric unit, the feelings of humiliation and rage were imagined to reside solely in one patient, with the result that the remainder of the patients felt relief at being purged of these feelings. The monopolizing

patient experienced herself as somewhat compelled to speak about – and enact, in her unconsciously pressured speech and controlling affect – these uncomfortable emotions. In other words, in this group the patient sub-group was projecting its feelings of neglect and rage into one individual recipient, rather than into a multiple-patient sub-group recipient.

Gilmore & Krantz (1985) offer several examples of group projective identification in which the sub-groups are composed of an organizational consulting team, on the one hand, and its client organization, on the other. In one vignette, they describe the work of a three-person consulting team in which the lead consultant worked directly with the commissioner of a juvenile justice agency. Each of the two remaining consultants worked with the directors of operating units who reported to the commissioner. This deployment of the consulting team made for special identification of different members of the team with different units and levels of the agency.

What became apparent to the consulting team during the course of the project was that the two consultants working with the two operating units were competing with each other. Both were attempting unconsciously to demonstrate to the lead consultant that the unit with which each was working was making faster headway on the commissioner's agency-wide strategic initiatives. In analyzing this group-level enactment, the consultants gradually understood that unconscious sibling rivalries operative in the client organization were being projected into the consulting team. I offer this example because it is analogous in important respects to the relationship I describe later in this paper in which I served as diagnostic consultant to a family business.

Container and Holding Environment

If projective identification is a critical linking concept within systems psychodynamics, as I am arguing, then one component of its functioning within organizations may also be to structure a container (in Bion's words) or a holding environment (Winnicott's term). These terms were not first used in the development of systems psychodynamics, but instead have gradually been appropriated in relevant, though varying, ways by organizational researchers and writers.

Bion's terms "container and contained" (1970, p. 72) make sense in view of his hypothesis that psychic life can exist only if psychological experiences can be shared with another person. This, of course, is a way of saying that intrapsychic and interpersonal life are intimately and directly connected. A related idea is that some experiences must be communicated to another person, then held and contained in the second person's mind for a time, before they can be transformed into meaningful ideas and become capable of being returned to the mind of the original thinker (Bion, 1970; Hinselwood & Chiesa, 2001). This idea is similar to the process of projective identification discussed earlier in this paper. For Bion, then, the development of conscious and unconscious thought and emotion requires both raw mental contents and more than one mind from which to communicate and in which to contain and transform such contents.

In his thinking about group life, Bion asserted that any group must develop itself so as to contain, preserve, stimulate and apply new thinking suggested by particularly intelligent group members. Bion saw group life as the response to the age-old human need to perpetuate useful ideas produced by individuals that benefit the group (Bion, 1970; Hinshelwood & Chiesa,

2001). Accordingly, the concept of container and contained can be understood as referring to structures that the group builds for itself that allow group-level projective identifications to be transformed into verbalized ideas. The worth of these ideas can then be evaluated during phases of "work group" functioning. In other words, the concept of container and contained refers to the process that the group undertakes to bring to consciousness and to transform into workable thoughts the experiences which emerge from within it.

The concept of a "holding environment," which was developed by Donald Winnicott (1965, p. 43), can be understood as having a related but somewhat different meaning than container.

The term derives from Winnicott's description of a central experience of child development as a feeling – initially physical, then psychological – of being "held" by the parent. Winnicott believed that the feelings of being physically held soon broadened in the child's developing mind into psychological feelings of being well cared-for, which in turn led to secure feelings about one's individual development (Winnicott, 1965; Hinshelwood & Chiesa, 2001). In other words, the parent provides a physical and psychological experience of protection that is essential to allow the small child the freedom to experience and integrate the developmental changes that arise from within (Mitchell & Black, 1995). Winnicott saw a good-enough holding environment as essential for adequate child development.

In systems psychodynamic thinking, the idea of the holding environment has been used analogously to the way that Winnicott applied it when speaking of the parent-child relationship. That is, the idea refers to organizational structures and cultures that facilitate systemically-beneficial behaviors and experiences. These behaviors and experiences depend in part

on the tasks the organization exists to perform. In other words, an organization's holding environment encourages its members to have certain kinds of experiences, while its containing function allows those experiences – where this has not already taken place – to be made into conscious and intellectually usable form.

Social Defenses

Like the concepts of container and holding environment, the idea of social defenses is another that is thought in systems psychodynamics to be reified in organizations at least partly through the use of projective identification. As the name implies, social defenses are developed to protect the organization from potentially destabilizing internal anxieties that are unconsciously felt to be incapable of transformation into words and ideas.

In addition, as one of the originators of the concept of social defenses noted,

> An important aspect of such socially structured defence mechanisms is an attempt by individuals to externalize and give substance in objective reality to their characteristic psychic defence mechanisms. A social defence system develops over time as the result of collusive interaction and agreement, often unconscious, between members of the organization as to what form it shall take. The socially structured defence mechanisms then tend to become an aspect of external reality with which old and new members of the institution must come to terms (Menzies Lyth, 1988, p. 51)

In her pioneering study of an inpatient hospital, Menzies Lyth (1988) described a social defense that had developed in the hospital's nursing service. She believed that the strong emotions stimulated in nurses during their care of critically-ill inpatients were so difficult to confront directly that nurses were rotated from patient to patient. That is, nurses would care for a different set of patients each day. Menzies Lyth viewed this as a social defense because it protected the nurses from emotional upsets stemming from attachments to their patients. The price paid for this emotional cutting-off, Menzies Lyth believed, was a lack of job satisfaction among nurses, which resulted in high nursing turnover rates that proved excessively costly for the hospital as a whole. While Menzies Lyth's study describes a social defense that hindered the carrying-out of the hospital's primary task – the professional care of the sick – it is important to note that social defenses in other organizations at other times may work to facilitate the organization's performance.

Relatedness

Most of the systems psychodynamic concepts described thus far can be thought of as ideas about group process. By contrast, relatedness is a way to think about group content. In object relations theory, as noted on pages 4-5 above, individuals are understood to hold unconscious, complex, affectively-laden and meaningful mental representations of people important to them. In a similar fashion, individuals are assumed in systems psychodynamics to hold equally lively mental representations of the organizations to which they belong and which are important to them. These representations help to define the quality of their relationship to their

organization and the individuals within it. This relationship has been called "relatedness" (Gould, 2004, p. 14) in systems psychodynamics, and the mental representation itself has been called the "institution-in-the-mind" (Armstrong, 1991, p. 1).

Relatedness is a concept that describes an individual's internal and unconscious sense of his or her organization(s). Yet the character and content of the relatedness of the group's individual members is inevitably transformed, through group projective identification, into aspects of the group's character. In the example of the psychiatric inpatient unit described in Ogden (1982) and briefly discussed above, the relatedness of each of the individual patients – who felt abandoned and uncared for – developed into a group projection of rage and hate into one patient rather than taking the conscious form of criticism of the staff group for allowing too many simultaneous staff vacations.

Summary of the Model of Group Psychodynamic Functioning in Systems Psychodynamics

Thus far I have discussed only the psychodynamic aspects of group functioning as understood in systems psychodynamics. In Chapter Four I will begin to explore systemic aspects of group functioning. Before I do so, it may prove useful to summarize briefly the perspective that I have sketched so far.

The systems psychodynamic paradigm views groups from the perspective of Kleinian object relations. That is, groups are understood to function in important ways analogously to aspects of the unconscious mental representations of individuals. When they are less well-developed, groups

engage in a good deal of splitting and projective identification to communicate and to defend themselves from anxiety-producing experiences (the paranoid-schizoid position). As they progress in development, they oscillate between these primitive unconscious behaviors and others which are conscious and more nuanced in their meanings and associated emotions (the depressive position).

In other ways group functioning differs considerably from that of individuals. Groups in systems psychodynamic theory are thought to display distinct emotional states at different times in their lives (the basic assumptions), and are also thought to oscillate among these states and that of task-related functioning (the work group). To some degree, the basic assumptions correspond to paranoid-schizoid and depressive position functioning.

At times groups can unconsciously organize themselves sufficiently well to tolerate the intense emotions within them, with the result that such emotions and experiences can be used to further the group's goals – this is containment, or holding. When the group emotions become too difficult to tolerate, the group unconsciously develops social defenses to protect itself. Finally, the specific content of the experiences in groups is influenced by their members' unconscious mental representations of their groups (members' relatedness).

It must be clear by now that a systems psychodynamic perspective integrates aspects of psychodynamic theory with aspects of systems theory. Therefore, the above account of the psychodynamics of groups can give only a partial account of systems psychodynamics. In the next chapter I explore some other essential components of systems psychodynamics, the systemic aspects.

III. An Overview of the Systems Focus in Systems Psychodynamics

Modern systems theory originated with the work of Ludwig von Bertalanffy, a Viennese biologist whose early interests lay in reducing explanations of biological and physical phenomena to their most elementary sub-parts. He believed that this would enable these sub-parts to be studied and understood independently of the context in which they were found. Instead, over the first two decades of his career, which began in 1926, he came to understand biology and physics as examples of fields whose structures were underpinned by similar organizational principles (ISSS.org, 2003). He went on to postulate that these central organizational principles, which he viewed as continually shifting in their relation to one another, could be found in other fields, including psychology and sociology. As he put it much later in his career, "Reality, in the modern conception, appears as a tremendous hierarchical order of organized entities, leading, in a superposition of many levels, from physical and chemical to biological and sociological systems….[and in] modern science, dynamic interaction appears to be the central problem in all fields…(1950, pp. 164-5)." As I understand von Bertalanffy's contribution, he was one of the first thinkers to conceptualize human systems as organized along many levels and to see those levels as interacting in ways that significantly influence the systems that they compose.

Within what he called his "General Systems Theory," von Bertalanffy developed the concept of "open systems" in biology (p. 155), whose basic characteristic is that its components are perpetually changing through the inflow and outflow of materials that comprise them. Bertalanffy implied

that the concept of open systems, as well as the principle of dynamic interaction within and among fields of reality, could be fruitfully applied to human organizations. In 1951, Emery recognized the significance for social science of von Bertalanffy's thinking about open systems, which provided fresh ways to think about individuals, groups and organizations in relation to their environments (Trist & Murray, 1990). Thus von Bertalanffy's work became an early building block in what would become the systems component of systems psychodynamic theory.

Kurt Lewin, a German social scientist who escaped to the United States in the 1930s, also provided a critical contribution to the open systems theory that has been incorporated into systems psychodynamics.

Lewin's field theory argued that an individual's behavior was the function both of his personality and of the human environment in which he lives and acts. In addition to the forces operating on an individual from within himself, Lewin believed that forces originating in human groups play an influential role in individuals' behavior. He argued that it is essential to explore both sets of forces. "In the social as in the physical field the structural properties of a dynamic whole are different from the structural properties of sub-parts. Both sets of properties have to be investigated…" (1947, p. 8).

Lewin's work provided an additional rationale for the exploration of systemic forces and structures within groups, not accounted for within then-current psychoanalytic thinking, that might help to explain the behavior of individuals in groups. The central systemic concepts of systems psychodynamics today include that of the primary task; roles, authority, tasks and boundaries; and sentient and task systems.

Open Systems Theory and The Primary Task

In open systems theory, organizations are conceptualized as open systems because, like the biological organisms from which open systems theory is derived, they interact with their environments. Resources are taken into the organization, transformed through intra-organizational processes, then sent outside the organization into the environment.

The specifics of this process, which is known in systems psychodynamics as the "import-conversion-export process" (Miller & Rice, 1967, p. 9), differ depending on the type of organization being studied. For example, in a retail ice cream store, the intakes are sugar, milk, butter and flavorings; the conversion process is the mixing, cooling and packaging of the ingredients; and the outputs are servings of frozen ice cream. In a package-delivery company, the intakes are packages; the conversion process is the decision about how to transport the package to its destination; the output is a package delivered safely, securely and promptly.

In a systems psychodynamic perspective, the import-conversion-export process that is essential to the survival of an organization is known as that organization's primary task. It is further understood in systems psychodynamics that the primary task involves the import and export of resources across the boundary that separates the inner world of the organization from its external environment.

Of course, inside the boundary that separates the organization from its external environment, there exist a number of sub-systems, each of which is distinguished by its own primary task and by its own boundary. I'll use a fictional package-delivery firm as a clarifying example and describe three of its subsystems.

The first subsystem in the package-delivery firm is the customer service department, in which policies are created and implemented for the handling of customer orders. The second subsystem is the dispatch department, which creates and effects policies for how delivery personnel are to be chosen for transporting customers' packages. The third subsystem is the delivery department, which develops and executes policies for the physical pickup and delivery of packages.

Each of these departments has its own primary task. For example, the customer service representatives (CSRs) must take information from customers and communicate it accurately to the dispatchers, the dispatchers must take information from the CSRs and communicate it accurately to the delivery staff, and the delivery staff must execute secure and prompt deliveries. If the primary tasks of these organizational sub-systems are not performed, not only will the sub-systems fail to survive, but the primary task of the firm as a whole cannot be performed, and the organization will die (Miller & Rice, 1967).

More generally, one function of primary task analysis in systems psychodynamics is to clarify the meaning that individuals and groups make of their relation to the overall organization of which they are members and to the sub-systems of the organization to which they belong (Lawrence & Robinson, 1975).

Roles, authority, tasks and boundaries

A role is the organizationally-sanctioned designation of the part that an individual (or group) plays in the performance of the organization's

dominant primary task. Authority is conceived of as rights attached to roles, or as sanction to act on behalf of the organization. Here's an example.

Let us say that the primary task of the company is to deliver packages safely. Viewed from the perspective of the primary task, the role of every company employee requires acting in ways that help to deliver packages safely. Yet when we look at the primary tasks of two organizational sub-systems – the delivery and dispatch staffs – we see that the roles of a delivery person and a dispatcher differ. The role of the delivery person is physically to place the package in the hands of the representative of the person to whom the package is addressed. The role of the dispatcher is to communicate accurately to the delivery person both the location and name of the package sender and recipient.

Within systems psychodynamics, two kinds of authority are understood to be granted by the organization to the holders of the roles of delivery person and dispatcher. The first is formal authority, which is explicitly declared by the organization. An example is the authority that a business unit director holds to set salaries for members of the unit. The second kind of authority, known as personal or informal authority, involves the mobilizing of one's personal or sentient-group membership characteristics (see below) within one's work role. Personal or informal authority does not derive directly or formally from the organization. One example is the authority held by a recognized expert in a specific area of work.

Just as the roles of delivery person and dispatcher differ, significant differences also exist in their tasks. Among the most important of the delivery person's tasks is to carry packages in ways that prevent their damage or theft. By contrast, among the most important of the dispatcher's

tasks is to listen carefully to the information being conveyed verbally by the CSR and to convey it accurately to the delivery staff.

Both the roles and the tasks of these staffs have limits, however. That is, in addition to the actions that they perform to contribute to the company's dominant primary task, there are a number of actions performed by other staff that are not performed by delivery personnel or dispatchers. (As an example, the CSRs communicate customer orders to the dispatch staff.) Between the actions performed by delivery personnel and dispatchers exists what in systems psychodynamics is known as a boundary. Boundaries are limits set and sanctioned by the organization for the purpose of optimally-efficient task performance. Several kinds of boundaries exist within organizations; for example, the difference between what CSRs, dispatchers and delivery staff do at the company is known as a role boundary. I have already mentioned the boundary that exists between the inner world of an organization and the environment that surrounds it.

Other kinds of boundaries include task, time, space and group boundaries. Time boundaries are used to structure the working day, and include setting the time for arrival, for meetings, for work breaks, and for leaving at day's end. Space boundaries refer to physical work space, and include strictures on where one performs work; whether one is standing or sitting or a combination; and whether one is allowed one's own desk or cabinet or must share such resources.

Group boundaries refer to one's membership in organizational sub-systems. One example of a group boundary is that which exists between sentient and task sub-systems (see below). Additional common sub-groups or sub-systems in service companies include marketing, financial control and senior executive groups; boundaries surround each. Group and sub-

group boundaries help to communicate to organization members the task performance that is expected of them and how to get assistance with tasks.

Sentient and Task Systems

Miller & Rice (1967) offer a conceptualization of structural and psychological systems in which they distinguish "task systems" and "sentient systems." These systems are not only significant in themselves but in how they interact with each other.

Task systems are "systems of activities plus the human and physical resources required to perform the activities" (Miller & Rice, 1967, p. 6). A common example of a task system is a set of activities regularly performed by people in a business to create, manufacture and market a product or service to customers. In our fictional package-delivery company, for example, we will assume that the operating task system is composed of three activities. These activities are the development and implementation of corporate policy in the customer service, dispatch and delivery departments. The human resources required to perform these activities are the staff of customer service representatives, the staff of the dispatch department, and all of the delivery personnel. The physical resources are the telephones, computers, desks, writing materials, and so forth.

Sentient systems, in contrast to task systems, do not exist to perform a task. Instead, they develop out of a shared identification among members and often provide emotional support for those members. One example of a sentient system in our package-delivery company is a group of employees who feel a kinship because they are Boston Red Sox fans; another example might be British staff members who gravitate toward each other because of

their nationality. In both of these examples, as with all sentient groups that exist within organizations, it is important to note that their membership in a sentient group bears no formal relation to their task function within the organization (Miller & Rice, 1967).

Further, it is useful to consider that many businesses are composed of separate and distinct sentient and task systems. In family businesses, as we shall see in this paper's case example, the two systems are often partly or wholly joined. The same senior leadership team in a family business very frequently composes a task system and a sentient system. (When a company's leadership group is composed of members of the same family, the commitment that the group members feel to one another is based on literal kinship and bears no relation to the tasks they perform as employees of the business). Thus in a family business, problems of sentience in the sentient system are quite likely to affect performance in the task system, while problems of performance in the task system are likely to affect sentience in the sentient system. The operations of family businesses therefore require their leaders continually to balance conflicting demands of their sentient and task systems.

A Summary of the Model of Systems Functioning in Systems Psychodynamics

Systems functioning in a systems psychodynamic perspective is understood to take place largely according to the adaptation of open systems theory to human systems. Specifically, the import-conversion-export process of an organization, which is essential for performing its primary task, is seen as a critical focus for attention. The roles and tasks of

individuals; the authority they hold; and the boundaries between individuals and sub-systems are all ways to think about activities undertaken to support the smooth continuance of the organization's primary task.

While the distinction between task and sentient systems is important in part because of the influence that these systems exert upon each other, the emotions that underlie sentient systems differ from those thought to infuse the psychodynamics of organizations. That's first because the emotions of the sentient system are not wholly unconscious, and more important, they do not exist as a motivating determinant of group behavior.

IV. The Mutually Interactive Role of Systems and Psychodynamics in A Systems Psychodynamic Perspective

I noted previously that a systems psychodynamic perspective emphasizes the reciprocal interaction of structural and other non-psychodynamic aspects of groups with their psychodynamic aspects. Another way to put this is to identify, first, the "systems" part of the theory as referring to the open systems concepts that provide the primary framing perspective for understanding the structural aspects of organizations. Then, second, the "psychodynamic" part of the theory can be understood as referring to psychoanalytic perspectives on unconscious group, social and individual processes that are both a source and a consequence of some unresolved or unrecognized organizational problems (Gould, et. al., 2001). A systems psychodynamic paradigm understands both the systems and the psychodynamics of organizations to affect each other in myriad complicated ways that continue to change throughout the life of the organization.

Here is a brief example from the family package-delivery firm that I will discuss in detail in Chapter VI. I'll call the company Capital Corporation. For many years, four of the five partners – all of whom are siblings -- of Capital had believed that the fifth partner was acting dishonestly and failing to perform his job adequately. These anxieties resulted in considerable "fight-flight" basic assumption behavior in which the fifth partner was often scapegoated. The partners felt so threatened by their sibling that some thought was given to asking him to leave the company.

Now for many of the years in which this conflict played itself out, the father of the partners, who had built this business to the point where it could support five of his children, had no longer been active on a daily basis. In fact, he spent winters in Arizona to get away from the Boston cold. Yet he insisted on maintaining a 5% ownership stake in the business so that he could keep an eye on his children. This is one way in which the ownership system of the business helped to keep considerable intra-family and intra-management anxieties sufficiently controlled that the business could continue to operate effectively.

By contrast, here is an example in which another organization's systems failed to facilitate an operating unit's performance and did little to allay the unit's anxieties. The operating unit in this example is the psychiatric inpatient floor of a general hospital.

While the senior psychiatrist on this unit is called the "unit chief," in fact he has authority only over the junior psychiatrists and the psychiatric residents. A separate chain of command exists for the nursing staff, and it is headed by the "nurse manager." Each week a "community meeting" is held at which patients are asked to voice their concerns about living on the unit.

Common topics include the difficulty of washing one's laundry (a task for which patients must be accompanied by nursing attendants); getting one's medications on time (a task performed by nurses); and being treated respectfully by the nurses and nursing attendants.

The senior psychiatrist attends this community meeting, but he cannot adequately address patient concerns because no nursing staff member attends. In other words, the structure of the community meeting is insufficient to help in managing patients' anxieties. That's because the management structure of the psychiatry inpatient unit itself is not unified. In systems psychodynamic terms, physicians and nurses share authority over the unit, yet they have not learned to use it effectively in the pursuit of patient care, which is the unit's primary task.

V. Methodology: Approaches to Data-Gathering and Interpretation in a Systems Psychodynamic Perspective and Specifics of Data-Gathering at Capital Corporation

Approaches to Data-Gathering and Interpretation

As noted in Chapter IV above, a fundamental assumption of systems psychodynamics is that the systems and group psychodynamics within organizations interact reciprocally and continually to influence organizational life. It follows that organizational life can be understood as simultaneously experienced on, and influenced by, both conscious and unconscious levels. To explore the fullness of these dual levels of experience within organizations, systems psychodynamically-oriented

diagnosis emphasizes the use of clinical methodology in data-gathering and interpretation.

Derived in large measure from psychoanalysis, the application of clinical methodology in systems psychodynamics results in unique approaches to the collection and analysis of organizational data. As Gould (1991, pp. 34-5) observes, "the psychoanalytically informed consultant uses psychoanalytic theory, conceptualization, and insight to diagnose and identify emotional 'hot spots' at the individual, group, and/or organizational level….and takes into account the ways the system is "driven" and distorted by powerful unconscious processes and anxieties and the concomitant defenses raised against them…"

Developing a Strong Working Relationship During Entry

Systems psychodynamics is unique in emphasizing the importance of boundaries and of the analysis of transference and countertransference in working with organizations. Because entering an organization involves moving across the boundary that separates the inside from the outside of the organization, the transferential and countertransferential fantasies, emotions and thoughts experienced by the consultant during entry offer a rich source of data about the character of that boundary. While these data can lead to the formulation of potentially useful initial hypotheses, Gould (1991) points out that the assessments of psychodynamically informed organizational diagnosticians must always remain fluid. This is because new or changed conditions and/or data emerge continually as experience accumulates, rendering any initial formulations either erroneous or in need of modification.

Accordingly, to facilitate both exploration and the development of initial hypotheses when entering an organization, the consultant focuses on building a strong working relationship. As Alderfer (1980, p. 463) notes, "Because the consultant's effectiveness depends directly on the quality of the client-consultant relationship, every action should be taken with reflection on its likely effects on this relationship."

The consultant starts building the relationship with his potential client by observing and reflecting upon his interaction with the client from the first time they come into contact. What are the potential client's concerns? How are they spoken about? What thoughts and feelings come to the mind of the consultant, and which are appropriate to share in a first conversation? The consultant listens closely, while asking clarifying questions and sharing initial hypotheses if the client appears receptive. (In an emergency, or in a situation where the potential client appears greatly distressed, the consultant focuses on the client's immediate concerns and notes the level and quality of the distress for later analysis.)

During entry the consultant often concentrates on gathering information about role, task, and formal authority. This is because the working relationship has usually been developed only minimally early in the entry phase of the diagnosis, and hence cannot yet serve as a useful information source. But by first gathering information on role, task and formal authority in the organization, the consultant increases the likelihood that he can accomplish two goals at the same time. He gathers data about certain formal aspects of organizational structure, and in doing so sensitively, he develops the working relationship.

Another way to put this is that the consultant tries to create conditions for working together which have a conceptual analogue in

psychoanalysis known as “analytic trust” (Ellman, 1991, p. 318). As Ellman (1991, p. 320) puts it, “Analytic trust is nothing more than the patient’s experiencing the analyst as being consistently understanding of their world, in a way that promises to…help the patient to comprehend and gain control of his life.” Systems psychodynamics posits that similar consistent efforts made by a consultant to understand his client organization result in the organization’s experiencing greater facility in identifying and executing adaptive changes.

The prospects for forging a strong consultant-client relationship do not depend solely on the efforts of the consultant, however. They also rest on the potential capacity of an organization to reflect upon itself. This is true for two reasons. First, the organization must be able to acknowledge that its previous efforts have failed to resolve its problems to a satisfactory degree. Second, the organization must be capable of articulating for itself the insight that an external consultant may prove to be helpful. I believe that these conditions are necessary, but not sufficient, for a solid working relationship.

What’s also essential is a spirit of willingness to collaborate in the painful and anxiety-producing process of organizational self-inquiry. To a certain extent, this hopeful spirit must be present in the organization before the consultant is contacted, though as discussed above, the consultant can work to evoke this hope and willingness to collaborate through skillful interaction with members of the client organization.

Collecting and Interpreting Data

Before discussing the approach to collecting and interpreting data as conceptualized in systems psychodynamics, it is worth pointing out the significant boundary permeability that exists between the approaches to developing a strong working relationship during entry, to collecting and interpreting data, and to providing feedback of hypotheses (discussed below). For example, the systems psychodynamically informed consultant does not act to develop a strong working relationship only during entry, but at many other times during the diagnosis. More generally, the consultant does not restrict his use of each approach only to pre-determined periods of the diagnosis, but rather makes moment-to-moment decisions about which aspects of each approach are most appropriate at any given time.

A number of techniques exist that are used by a wide variety of consultants for gathering data from organizations. But the kinds of interpretations made from data collected through these techniques distinguish systems psychodynamics from other approaches to organizational work. As noted above, the framework used in systems psychodynamics is the clinical method, which has as its centerpiece the analysis of transference and countertransference. This use of transference and countertransference as an analytical tool suffuses all aspects of systems psychodynamic data collection and interpretation.

Concretely speaking, the use of transference and countertransference requires attending to and making meaning of the thoughts, feelings and fantasies that come into the consultant's mind while working. It also requires that a similar kind of attention be paid to such communicative phenomena as slips of the tongue, inconsistencies between individual (and

group) self-description and observed behavior, and disjunctions between unconscious emotional communications and conscious verbal communications. Indeed, it is the making meaning of these unconsciously-communicated data, and their subsequent translation into words, that provides systems psychodynamics with access to information unavailable to other organizational consultants.

- *Individual Interviewing*

In addition to providing factual information, individual interviewing when conducted within the systems psychodynamics methodology allows the interviewer to gather rich data from non-verbal sources such as body language, tone of voice, and, of course, transference and countertransference. This data is typically unique to systems psychodynamic interviewing. In addition, the clinical approach means that "individual interviews have a relationship-building quality….and, as a result, are probably the most essential tool of any data collection (Alderfer, 1980, p. 463)."

- *Unstructured Observation*

Because of the relatively undemanding nature of unstructured observation (for the client organization), it is a data collection technique that can be employed throughout the duration of the consultation (Alderfer, 1980). Of course, until the data from unstructured observation are put together with data collected in other ways, they are often ambiguous and difficult to interpret. On the other

hand, as the consultant-client relationship develops, the effect of the observer on the participants being observed is likely to become less and less significant.

Then again, the relatively unfiltered nature of data gathered through unstructured observation sometimes proves unusually valuable. An example of this took place while I was observing the regular bi-monthly meeting of Capital's partners. Halfway through the meeting, two partners left for other previously scheduled meetings, and I was asked by the remaining three partners to have lunch. Two hours later, when the two partners who had left returned and the meeting resumed, I found myself feeling as if I had somehow betrayed them. This example of countertransference to the group of five partners proved to be valuable data, as it alerted me to conflicts about openness and appropriate behavior within the partner group.

- *Analysis of Documents*

When a client organization's internally-produced documents are made available for analysis by the consultant, they offer the advantage of being a source of data that is entirely independent of the consultant (see Alderfer, 1980). This in itself is useful because when added to consultant-influenced data, the independent data can enrich the consultant's ongoing theory-building.

In addition, unconsciously-communicated data can be derived from the process of document analysis as well. An example of this occurred when I was shown a copy of a prior consultant's confidential report on the operations of Capital. Not only had I not learned in two

months of individual interviewing that such a report existed, but after seeing it – and being permitted to make a copy -- I became aware that I had not been informed if other partners knew that I was being shown the document. This observation led to my feeling discomfort about reading the report, which on reflection pointed me toward the possibility of trust and its absence as a concern in the functioning of Capital's partner group.

- *Providing Feedback*

Given the boundary permeability among approaches in organizational diagnosis noted above, the provision of feedback from consultant to client takes place throughout the diagnostic process. As Alderfer (1980) points out, the very nature of the data that the consultant requests serves as a kind of indirect feedback, alerting perceptive clients to the lines of thinking pursued by the consultant. Of course, systems psychodynamically informed consultants also provide direct feedback, and the most common two types employed include written working notes and verbal reports.

These working notes and verbal reports differ considerably from the recommendations typically offered consultants taking an "expert" stance. Such recommendations often engender resistance within client organizations. By contrast, the written working note and verbal report carry with them "the culture of dialogue (Miller, 1995, p. 30)." That is, in presenting his feedback to the client in the form of a working note or verbal report, the consultant working within the systems psychodynamic approach does not attempt to provide

solutions for the client's complex problems. Instead, the content and process of the feedback are designed to encourage the client to collaborate with the consultant on issues important to the client organization. To do this, systems psychodynamic feedback in part takes the form of an organizational analogue of a psychoanalytic interpretation, which can be viewed as a hypothesis offered to a client that serves as the basis for discussion and joint learning (Gould, personal communication, 2004).

By offering hypotheses as a stimulus for the joint learning of client and consultant, the working note and verbal report are intended to communicate a task-appropriate way of engaging the client. That task is organizational learning. As Miller puts it, "where consultants are able to display that they do not pretend to have all the answers – that they are learning as well as teaching – then managers in turn will more readily accept that they too are not infallible (1995, p. 30)." While consultants may know more about organizations than their clients, their clients know more about themselves than the consultants, so the mutual exchange of thinking facilitates the learning of both the consultant and the client organization.

Data-Gathering Methods Used at Capital Corporation

To recruit an organization for this research, I spoke to colleagues in my doctoral program, former co-workers and friends. I asked them to assist me in approaching potential subject organizations. I informed my contacts that I would conduct a diagnosis for no charge with any organization willing to permit me to write about my experience in this dissertation. Several

organizations expressed interest initially, but Capital Corporation turned out to be the only willing participant.[1]

This research includes data gathered at Capital Corporation from April 17, 2002 through October 15, 2003.

During this period, I paid at least 34 visits to five of Capital's offices in three states. I also made single visits to each of eight worksites of Capital customers, and spent several hours on one occasion at the private home where all of Capital's partners and their siblings were raised. In all of these venues, I was involved in countless informal face-to-face interactions with Capital's partners, staff and customers; and I was made privy simply by my presence to many informal interactions that took place as part of the ongoing operations of Capital's businesses. Additionally, I also took part in scores of informal telephone and e-mail communications with partners, staff and customers.

The formal periods of data-gathering can be organized as follows:

- I conducted 16 face-to-face interviews with Capital's partners, each of which lasted between two and four hours. Each partner was interviewed at least twice.
- I conducted 18 face-to-face interviews with corporate staff of Capital at virtually all levels, each of which lasted between one and three hours. Each staff member was interviewed once.
- I conducted 8 face-to-face interviews and five telephone interviews with customers of Capital. Each of the customers was selected from among the 20 customers that did the most

[1] Capital Corporation is not its real name. To maintain confidentiality, I have invented, omitted and disguised critical details about the firm and its members throughout this dissertation.

business with Capital in 2002. These interviews lasted between 30 minutes and two hours.

- I conducted one face-to-face interview and one telephone interview with siblings of Capital's partners; these interviews lasted between one and two hours.
- I made a half-day visit to the private club of which three of Capital's partners were members. During the visit, I interacted with three of Capital's partners.
- I conducted two half-day-long observations of the dispatch desk operations at one of Capital's worksites.
- I conducted two half-day-long observations of the monthly management meetings of the full group of Capital's partners.
- I analyzed at least 15 examples of corporate documents produced by Capital's partners and staff.
- I produced four written working notes, distributed each to Capital's partners, solicited feedback about each note, and received and discussed feedback in three telephone conversations and one face-to-face informal group discussion.

Content of Data Gathered at Capital Corporation

Because systems psychodynamic organizational diagnosis relies on combining conscious systemic data with typically unconscious group dynamic data, I collected both at Capital. I first focused on the conscious systemic data, which included historical narratives about events and people at Capital; information about individual and business unit tasks, work roles,

group and sub-group boundaries, company and sub-group primary tasks, and some data on sentient and task groups. These data were communicated verbally and through written documents.

I gathered group dynamic data through observation of non-verbal communication, the experiencing and analysis of countertransference, and direct questioning based on the analysis of countertransference. These data involved the kinds of basic assumption functioning in which Capital operated at any given time; the quality of the holding environment and of individuals' relatedness to the company; the character and extent of communications via projective identification; and the type and strength of social defenses.

VI. Presentation of Historical and Systemic Data

History of the Business

The company that became Capital Corporation was founded in 1950 as Brown Corporation. At that time, it was owned by a group of non-family investors from Chattanooga, Tennessee. Unlike many American businesses, Brown Corp. made a profit in its very first year of operation. This fast start enabled the company to expand quickly. Though it began to sell shares in the public securities markets in 1955, the Tennessee original investor group maintained control, and the company prospered for another ten years. Beginning around 1965, however, the company's financial performance began to suffer. Despite management's apparently strenuous efforts, Brown failed to recover. When the owners realized in 1969 that the company might have to declare bankruptcy, they fired the president -- a member of the

Tennessee group -- and brought in Stan Cone to save their investment. Stan was well known to the controlling investors because he had successfully expanded another of the Tennessee group's companies, a large bluegrass music theatre in the South.

Shortly after Stan moved to Boston and took the reins of Brown Corporation, he discovered that the reason for the company's poor performance was the prior president's long-term embezzlement scheme. After tightening the financial controls, he set to work in an attempt to rebuild the firm.

As Stan tells the story, he was driving to an appointment one morning when he happened upon his third son, Fred, who had recently graduated from college and started a house-painting company with a classmate. As Stan drove by and said hello, he noticed that instead of working, the boys were debating the war in Vietnam. This solidified his conviction that Fred wasn't sufficiently serious about his career, so he persuaded Fred to join Brown Corp. Shrewdly, Stan assigned Fred to work in the mailroom of the company's largest and most important client, a Fortune 500 conglomerate. At the time, rival messenger services were trying to take the conglomerate's business from Brown Corp., but the combination of Fred's energy and savvy and his father's oversight succeeded in fending off the competition.

After another couple of years had passed, Stan persuaded his second son, Steven, to join Brown. And for almost fifteen years thereafter, Stan ran Brown Corp. with Fred and Steven as his senior team. By the mid-1980s, the three men were the company's largest shareholders.

In 1986 Stan, Fred and Steven executed a leveraged-buyout of the company, taking on considerable debt to do so, and became the sole owners.

Stan retained a majority of the shares and promptly changed the name of the company to Capital.

Shortly after the buyout was completed, bad luck befell the new owners. The corporate landlord of a building in which Capital rented office space suddenly decided to evict all of its commercial tenants. Believing the landlord to have violated the terms of its lease, Capital sued, lost, and was forced to pay the landlord's legal fees. It later emerged that the landlord had communicated a settlement offer to Capital's attorney, who failed to tell Capital. The company sued its former attorney and won, but could recover only a portion of its considerable legal expenses. The effect of these events was to increase significantly the company's debt burden, which in turn has played a role in constraining Capital's efforts to expand and diversify in the years since.

Nonetheless, within about two years of the buyout, Stan had recruited into the company his two youngest sons, Jack and Mike, and his daughter Arielle. He insisted that shareholding be redistributed so that each child held equal ownership of the company while Stan himself kept a holding of five percent. Capital Corporation has functioned with this ownership structure for almost twenty years as of this writing in 2004.

Throughout its years as a family business, Capital has prospered through executing a strategy of taking market share from its competitors. The partners anticipated that the advent of fax communications would shrink the market for its delivery services. Not only has that view proved correct, but the explosion of internet electronic communications has accelerated the trend. One strategy that has proved profitable for Capital is to grow through mergers and acquisitions. Until 2003, the company had acquired five delivery service firms and it has effectively integrated each.

In April, 2003, Capital completed its largest acquisition by purchasing the New York-area delivery-service division of an international delivery and logistics company. This acquisition immediately boosted Capital's revenues by fifty percent and more than doubled its employees. The financial terms were extremely favorable to Capital, and they believed as of July, 2003, that they were integrating the new company well enough.

Systemic Data about Capital Corporation

At the time that I was introduced to Capital Corporation, in April, 2002, the company's chief business and primary task was package delivery, which took in more than ninety percent of its five million dollars of yearly sales revenues. Capital's clients were organizations ranging in size from multinational corporations to small non-profit agencies. Over the prior five years, growing numbers of Capital's clients had begun to ask if Capital could temporarily store files and other client materials. From these requests, Capital had begun to build a business of "warehousing and logistics." The term "logistics" refers to Capital's work of planning and executing the timely transport of corporate materials back and forth between its storage facilities and the client's offices. As of the early part of 2002, the warehousing and logistics division accounted for something less than ten percent of Capital's revenues.

Capital's headquarters had originally been located in the Beacon Hill area of Boston since its founding. While it operated in all fifty states, the majority of its business was conducted along the Eastern Seaboard. Nine satellite offices were scattered around the New York metropolitan area, and three others operated in Washington, D.C., Atlanta and Philadelphia. The

vast majority of Capital's business was conducted within densely-populated cities, where packages are picked up and delivered by staff traveling on foot; but a significant proportion took place in suburban and rural areas, and this business requires personnel who use cars and trucks and are known as motor delivery staff.

Capital's package delivery business functioned through the interactions of three separate business units, the customer service staff, the dispatch staff, and the delivery staff. These units were separated by task boundaries. Here's how the units worked together:

When a customer calls the company, the phone is answered by a customer service representative (CSR). Capital's fifty CSRs are based at the company headquarters. Each CSR's task is to gather accurate information about the pickup and delivery that the customer is requesting. This information includes the customer's name, account number, the address from which the parcel is to be picked up and the address to which it is to be delivered. CSRs must collect information about the physical characteristics of the parcel, such as its size and weight, and must sometimes inquire into its contents. Once all necessary information has been gathered, the CSR enters it into Capital's sophisticated computer system which transmits it promptly to the dispatch staff.

(Capital has found that some large customers prefer to place their orders via computer because it takes less time than doing so over the phone. For these customers, Capital has installed a direct computer link that allows client employees to communicate their orders directly to the computers of the dispatch staff.)

The task of the ten-person dispatch staff is to deploy the delivery staff in ways that minimize delivery costs while meeting company-guaranteed

deadlines for parcel pickups and deliveries. Each dispatcher is responsible during his shift for packages coming from or going to a certain geographical area. When a CSR communicates a customer order to a dispatcher, it is that dispatcher's responsibility to assign the parcel pickup and delivery to a member of the delivery staff. Capital Corporation maintains an elaborate schedule of guaranteed delivery times that depend on the geographical areas from which pickups and deliveries are requested. For example, within city business centers, Capital guarantees that deliveries made by foot will arrive within one hour of the phone call requesting them. In suburban areas that require the use of motor vehicles, Capital guarantees delivery within two hours. Of course, some deliveries cannot be completed within these time constraints, and when an unusual or "rush" delivery request is made, it is the responsibility of the dispatch staff to estimate out how much time that delivery will require and to communicate it to the CSR who is taking the customer request. In this way, the CSR can give the information to the customer before the order is entered, thus avoiding a situation in which Capital appears to be failing to live up to its service guarantee.

The task of the delivery staff, which numbers approximately eight hundred, is physically to transport parcels between those sending them and those receiving them. Most delivery staff operate on foot in cities where efficient public transportation has been established. For parcels that are too big for one person to carry, or which require pickup or delivery in suburban or rural areas where public transportation is slow or sparse, a division of delivery staff uses motor vehicles of varying sizes. Capital's delivery staff, unlike other personnel, has the status of independent contractors to the corporation. They are thus responsible for their own equipment, including vehicles. By insisting on the use of these independent contractors, Capital

keeps its labor costs down (by, for example, avoiding the necessity of subsidizing health benefits) and protects itself from certain legal liabilities contingent on its contractors' actions. Delivery staff work on commission, but are guaranteed a minimum salary.

Additional Capital Corporation Staff and their Roles

If we think of Capital's CSRs, dispatchers and delivery personnel as the company's line staff, then the support staff includes financial and human resources professionals, salespeople, and middle and senior management. The whole of Capital's support staff numbers only about thirty people, and several of them perform additional functions outside of their formal roles.

For example, one of the financial staffers also spends a good deal of his time maintaining the company's extensive computer hardware and software. Another four people perform accounting and financial control tasks, while one person handles all human resources matters. The sales staff, paid entirely on commission, number ten full-time employees. The role of middle management at Capital is to supervise the operations of each office. The head office employs a "general manager," while each satellite office employs an "office manager." In addition to performing his supervisory functions, each manager frequently handles a number of line tasks.

The senior management of Capital consists exclusively of the partner-owners. This group, for which I am using pseudonyms throughout this paper, includes Stan Cone, now 88; Steven Cone, 60; Fred Cone, 55; Jack Cone, 50, Arielle Cone, 45; and Mike Cone, 42. Stan has not played a role in the company's day-to-day management for the last decade; he spends

most of each year in Arizona. However, he retains his 5% ownership of the company and participates in management meetings when he is in Boston.

Although no formal organizational structure has ever been put into place at Capital, each partner's role differs somewhat. Steven has typically served as de facto CFO, in charge of all financial matters; Fred runs the company's largest satellite office and the warehousing and logistics business, based in New Jersey; Jack and Arielle head sales and marketing; and Mike runs the headquarters office in Boston. Each is fully capable of performing the jobs of the other partners, and is often called upon to do so. In addition, the partners are often required to perform tasks that are more often done by employees, such as fixing individual computers. The partners meet roughly twice a month to manage all aspects of the business, and they communicate their decisions primarily by talking with their staff. It is critical to note that because the partner group is composed of siblings, it constitutes both a sentient and task group.

The partners have structured a nominal board of directors for the company that consists of themselves and their two siblings. Ted, 54, is a senior advertising executive in Boston, and Candace, 48, runs a marketing consultation firm with her daughter in Baltimore. The board meets once per year during the time regularly scheduled for one of the bi-monthly partners meetings, and typically consists of Ted and Candace "asking a lot of hard questions." (Partner communication to the author, 2002.)

The Cone Family

Stan Cone and his wife Eileen were German Protestant newlyweds when they emigrated to the United States in 1935. Through an error related

to their inability to speak English, they found themselves settled in Memphis, Tennessee where Stan found work and they started their family. They remained married for almost sixty years at Eileen's death from cancer almost four years ago.

As of April, 2002, four of the five partners were married; all have children. They agree that they have taken their father's advice to keep their spouses out of the family business. Steven's grown daughters work as medical doctors; Fred's eldest son, two years out of college, is a Peace Corps volunteer in Guatemala; his next son is in his senior year of college; and his daughter is in junior high school. Jack, a widower; Arielle, and Mike each have a daughter and a son and the six of them are in junior high school.

It's not clear why neither Ted nor Candace joined Capital. However, in addition to serving as Forward board members, they are frequently consulted by the partners, primarily on matters concerning sales and marketing.

VII. Presentation of Group Dynamic Data

Group-Level Projective Identification

From the beginning of my relationship with Capital, I experienced its partners as acting as if they were performing a favor for me and that the company could receive no benefit from participating in my research. These sentiments were never voiced, nor do I believe they were experienced consciously by the partners; instead, I hypothesize that they were communicated through projective identification.

For example, during one call to a partner to arrange my first interview, the partner suddenly suggested that I conduct the interview immediately over the phone. The partner added, "It's not that busy of a day for me." As well, I often had to phone one or another of the partners several times before getting in touch with them, even after leaving voice messages or sending e-mails.

Gradually I became aware of feeling as if I were interrupting the work of important people who were politely concealing their irritation with my persistent requests for charity. For instance, when I asked why one partner had agreed to participate in my research, the partner said, "Well, I just want to help – this is going to help you with your degree, right? So that in itself is enough for me to give my time."

In addition, I learned early on that the partners held a meeting twice each month to develop company strategy and to oversee all aspects of the business. After months of meeting with the partners individually, I requested permission to attend as a silent observer a series of these meetings. For six months I received no answer. It was as if my request, which I repeated on several occasions, had never been uttered. I began to doubt the worth of my own potential contribution to Capital and to fear that the partners would sever my access to the company before I had collected enough data to complete my research.

Basic Assumption Functioning

One idea fundamental to corporate partnership is that partners must put the group's interests ahead of individual interests in order for the business to prosper. Because the inherent conflict between the interests of

individuals in leadership and the leadership group requires continual negotiation, a systems psychodynamic approach to organizational development places a high priority on the exploration of the nature of such conflict. More specifically, systems psychodynamics seeks to identify aspects of Bion's basic assumption functioning. At Capital Corporation, the partner group appeared to be operating in the fight-flight basic assumption mode.

The first clues appeared as problems with trust. During early interviews with two partners, one repeatedly said about the others that because they're siblings, "you hope you can trust them." The second partner openly expressed doubts about other partners' skills and willingness to work hard. During other interviews, I was shown a confidential consultation report about the company. One of the recommendations of the report was that the responsibilities of the partners in charge of sales – Jack and Arielle – be significantly altered. But it was not made clear to me if the other partners were aware I was studying the report, and I began to feel as if I were acting unethically in reading it. Not until some time after the interview did I speculate that the unconscious aspects of within-group rivalries had been projected into me. I hypothesize that the non-sales partners had managed the consulting process, in a fashion that they themselves unconsciously felt was unethical, to recommend conclusions that they themselves supported. This guess proved partially on-target when I was later permitted to attend a partner meetings during which an intra-group split became visible.

At the second partner meeting that I attended, feelings of distrust appeared to break out into the open. The topic under discussion was expenses charged to the company by the partners. Each of the partners holds club memberships that they use in part to conduct business. The issue

appeared to be how to account properly for the funds allotted from the corporate treasury to the partners to pay for the club memberships. I was having some difficulty in following the accounting details when suddenly a partner turned to me and said, "nothing we're doing here is illegal." The discussion then shifted to the credit card expenses charged to the company by Jack and Arielle, the partners in charge of sales and marketing. The three other partners openly accused Jack and Arielle of charging personal expenses to the company; they quickly moved on from this to criticize them for continuing to make unwritten agreements with salespeople. They said they've warned them for years about making such unwritten agreements, which Jack and Arielle have continued. Jack's and Arielle's response was an apparently unperturbed mea culpa. Then Arielle said, "We don't have to hammer this out with Mark here. He may be detecting a little tension here, and I don't want to make him uncomfortable." Still later during the meeting, when Jack was delivering a report on the progress of sales and marketing since the prior partner meeting, other partners interrupted him to say, "we've already talked about this," and "when are you going to give us any real stuff?"

Any meaning of this split within the partner group appeared wholly opaque to me at the time. In the weeks following, I gathered additional data that supported the view that Steve, Fred and Mike did not trust Jack or Arielle. For literally years, in this view, they believe they have been putting up with Jack's and Arielle's substandard performance and questionable ethics. Jack and Arielle, for their part, appear to believe that the other partners simply don't understand the exigencies of the salesman's work – the necessity for copious entertaining of potential clients, the impossibility of knowing with certainty how much money to invest in marketing -- and that

the other partners hamper potential sales by failing to bend operational policies to better serve customers. In short, the partner group at Capital appeared to be embroiled in a long-term fight-flight split.

A Social Defense

Since the split in the partner group described above had existed for so long, a critical question is why? If it were causing the business to lose money, it is reasonable to assume that the partners would have acted to resolve it. But Capital has prospered at the same time that the split has continued.

One hypothesis is that the conflict serves as a social defense, shielding the partners from becoming conscious of aspects of their rivalries that could be experienced as sufficiently poisonous to cause the family to come apart. In this hypothesis, the potentially dangerous sibling and oedipal hostilities are collectively projected into the structural sales-operations conflict at Capital. Jack and Arielle serve as the obvious symbols of the sales function, while Steven, Fred and Mark symbolize the operations function. And as founder of the company in its current form, Stan straddles the sales-operations divide with a foot in each camp.

In other words, in this hypothesis, by keeping alive the split among the partner group at Capital, the Cone family manages to contain its difficult emotions in a relatively well-balanced triangle with Stan at the top and his children almost equally distributed at opposite corners. The structure of this social defense has allowed the Cones to contain their painful, hostile and anxious feelings sufficiently to conduct the work of the family business profitably enough for close to twenty years.

Breakdown of the Holding Environment

In addition to the containing effects of the social defense described above, there exist additional characteristics of the Cone family group that have provided an adequate holding environment. However, over the past three years a number of changes have taken place to weaken this holding environment (see Lansberg, 1999, on succession and the passage of time in family businesses).

One important change involves the partners' parents, Stan and Eileen. Though Eileen never held a formal role in the company, she had a central ongoing influence on the company through her long and close relationship with Stan. For example, it was she who pressed Stan to divide the company stockholdings equally between the four partners. So it is likely to have been a significant psychological blow when she died only two years before I began working at Capital. Additionally, it is likely to have brought to mind the inevitability of Stan's death, despite his being eighty-eight years old and in excellent health.

Stan is a powerful figure in the lives of his children. Those I interviewed all agreed that he was a stern father whose clear limits were helpful to them. Other comments appeared to communicate something else. For example, one person when speaking of Stan associated to the sadistic father in the film "The Great Santini." Another comment was that "when my dad spoke, your knees shook." Taken as a whole, the views of Stan's children with whom I spoke point to a father whose immense strength has played a critical role in containing sibling rivalries. So it is likely that his death, while anticipated in the formal ownership structure of the company,

will clear the atmosphere for the expression of these rivalries, thus influencing the partner group in unknown ways.

A second important development for the company is the aging of the two older partners, Steve and Fred. At age 63, Steve is only two years short of a planned retirement. This is far from a secret to his partners; he has often broached the topic in partners' meetings. Fred, only seven years Steve's junior, may also be giving some thought to the subject. Jack, Arielle and Mike are so much younger that it is almost as if they belong to the junior generation while Steve and Fred belong to the senior generation. The imminent departures of Steve and Fred are crucial to the finances of the company because of their pensions, which will have to be paid from the ongoing revenues of the firm. Currently, the company has purchased "key man" insurance in case of the untimely deaths of one of the partners, but the question of how the company will afford pension payouts on the retirements of the partners has not yet been resolved.

Finally, during the period that I worked with the company, Fred's second son graduated from college and came to work at Capital. Of course, it is far from clear what his ultimate career path will be, but his presence at the company is yet another sign that succession of the leadership team at Capital has begun.

My broader hypothesis is that during the long period of leadership stability at Capital, when Stan called all the shots, his ability to serve as a container for the partner group was effective. Additionally, the split between the operations partners and the marketing partners kept conflict among the partner group at a tolerable level. But now the holding environment is breaking down, presaging a corporate reorganization and increased emotional stress for members of the Cone family.

VIII. A Formulation: Integrating the Systemic and Psychodynamic Data

The Influence of Psychodynamics on Roles, Authority and Boundaries at Capital

The split in the partner group at Capital and the gradual breakdown of the longstanding holding environment at the company had important interactions with the development of the Capital's corporate organization. I am referring here to the lack of clarity surrounding the partners' work roles, their authority and the boundaries within Capital.

To take one example, there is confusion among the partners as to their job titles. While the company's business cards list each partner as a vice president, other corporate documents differ. And when asked directly about the partners' titles, some partners said they did not know them!

More important, as noted on page 50, a central pattern of roles and authority has developed at Capital without any apparent explicit discussion. In this pattern, Steven manages all financial matters; Fred runs a satellite office and the warehousing and logistics operations; Jack and Arielle direct sales and marketing; and Mike runs the Boston headquarters. Yet at the same time, each partner has kept him- or herself sufficiently knowledgeable to perform the central tasks of each of the other partners and often chooses to do so. In other words, for the purposes of the work task, each partner is relatively indistinguishable from the others. The partners' roles are thus blurred, the authority of each is indistinguishable from the others, and the boundary between the responsibilities of each partner is unclear.

This informal structure has some advantages: Primarily, it helps to make tolerable the emotional effects of the split in the partner group because they all share apparently equal responsibility for the business. In addition, clients feel that all of the partners have their best interests at heart. On the other hand, however, because responsibilities are not clearly specified, turf wars among the partners are sometimes not recognized and therefore cannot be discussed and resolved. In addition, decisions are made by consensus, which some feel requires too much time to be effective.

Psychodynamics and Capital's Primary Task

In the case of Capital Corporation, it is clear that the primary task of the organization is to accept papers and packages from senders and to deliver them to recipients in a safe and timely fashion. But there is an additional important psychological aspect to this task which requires explanation and which I believe significantly affects its meaning for the organization.

As noted on page 48, when Capital agrees to pick up and deliver a package, the company also agrees to do so within a relatively narrow time frame. Within city centers, Capital guarantees that deliveries made on foot will arrive within one hour after they are ordered. In areas that require motor vehicle deliveries, Capital guarantees delivery within two hours. In fact, Capital and other package delivery companies – many of whom have similar guarantees – frequently fail to meet their self-imposed deadlines. But their clients rarely complain about this, or even notice. One of Capital's clients told me that if he wanted to drive his package delivery vendors crazy, he would carefully read the record of order and delivery times for the

deliveries that didn't make it on time, then argue with the delivery company to try to get reduced fees. He made clear that this was simply an absurd fantasy. But although the guarantee is obviously not serving a rational function -- that is to say, it has no effect on the actual delivery speeds of packages -- I believe it exists in order to relieve the customer of the anxiety naturally attendant upon trusting a stranger safely to transport important materials.

I am arguing, in other words, that an important aspect of the primary task of Capital Corporation is not only package delivery, but anxiety alleviation related to the continual process of importing and exporting materials across client organizational boundaries. In other words, one of Capital Corporation's functions is to contain anxieties for other organizations. Because the containment of anxieties requires their temporary projection into Capital Corporation, they have a potentially disturbing effect inside the firm. Indeed, I hypothesize that the chronic nature and the magnitude of these anxieties is sufficient that Capital has developed a structural mechanism for seeing that they are split off at regular intervals.

That mechanism requires that all line delivery personnel – that is, the actual people who pick up and deliver the packages – are independent contractors. This means their relationship with Capital Corporation can be ended at any time for any reason by Capital (or by themselves). If the delivery personnel were employees, they might be subject to certain rules and regulations regarding termination; they might have standing to sue for wrongful termination; and they might be entitled to severance pay or temporarily-continued health benefits. But because the delivery personnel

are independent contractors, they can be more easily (and literally) split off from Capital.

Symbolically, then, the two central forms of distrust that exist within Capital can be titrated so that the company can continue to function. When the distrust that emanates from the partner group grows too difficult, or the distrust that stems from the anxiety of clients about their packages becomes intolerable, the distrust can be projected into members of the delivery staff. These staff can then be instantly separated from Capital, thus allowing the primary task to continue to be performed.

Psychodynamics and Sentient and Task Grouping at Capital

A third way to understand Capital Corporation within a systems psychodynamic paradigm is to hypothesize the development of sentient and task sub-groups within the central sentient and task group. The central sentient and task group in Capital, as we have discussed, is composed of the company's partners. I am presuming that the behavior of sentient and task sub-groups is capable, by operating through the larger sentient and task groups that they compose, of influencing the behavior of the organization in which they are found.

I begin my argument at the point that Steve, Fred and Mike began to become unhappy with what they viewed as Jack's and Arielle's sub-par business performance. When this perception took hold among Steve, Fred and Mike, I believe that their "phenomenal primary task" (Lawrence & Robinson, 1975) – that which they are presumed to be executing and of which they are unaware – shifted from cooperation with Jack and Arielle to a phenomenal primary task in which they worked to consolidate power in

the family business among the three of them. In this way, Steve, Fred and Mike unconsciously created a task sub-group in competition with a second task sub-group composed of Jack and Arielle.

Because of the close interplay between sentience and task-performance in the partner group, I argue that the development of the competing task sub-groups was quickly followed by a division of the partner group into two sentient sub-groups. As with the task sub-groups, the sentient sub-groups contained Steve, Fred and Mike in one and Jack and Arielle in another.

The data to support this interpretation were sudden strong countertransference reactions that I experienced at a partners' meeting. Just before noon, Jack, Arielle and Mike announced that they had each made separate appointments that necessitated their leaving the building at that time. They left, and I found myself alone with the two older partners, Steve and Fred. Steve offered to send out for lunch, and he, Fred and I began to talk. By the time lunch arrived, I felt as if I were a very big boy getting special attention from my father or older brothers. Our talk lasted almost two hours, until Jack and Arielle suddenly reappeared. I instantly felt as if I had been caught red-handed in an act of betrayal. When Mike reappeared about fifteen minutes later, I found myself attempting to relieve my anxiety by rapidly explaining what I had been talking about with Steve and Fred.

Retrospectively I understand my countertransference as first basking in the warmth of having been taken in by my father's sentient sub-group. For the period of lunch, I was an honored member of the group. But then, with the unscheduled reappearance of my siblings, I became anxious because I feared retaliation for arousing their envy. In other words, I believe I was experiencing some of the conflicted feelings that exist in the partner

group (and that were projected into me) as a result of their having split into competitive sentient sub-groups.

Another bit of data that offers some support for the idea that the partners have split into task and sentient sub-groups comes from statements made during separate interviews. One person characterized the partners' decision-making process as "decision by committee," while another person expressed a wish that a single partner possessed the authority to overrule the entire partner group if necessary so that decisions could be made more speedily. From these comments I infer a possible underlying purpose of the divisions into task and sentient sub-groups to be the concealment of competition for leadership positions when the Stan, the partners' father, dies. Unconsciously, the partners may feel that to disguise their ambitions is necessary to keep the family together. Alternatively, they may fear that to admit their wishes may enrage their father unduly, perhaps even hastening his death. I am again arguing that the existence of sub-groups within the family does nothing to attenuate sibling rivalries and indeed keeps alive the distrust within the larger partner group. In this conceptualization, the sub-groups prevent the rising to the surface of ambitions, wishes and fantasies among the partners that they unconsciously fear might destroy their abilities to work together.

IX. Discussion

Introduction

In this section of the paper, I will explore my view of how a contemporary systems psychodynamic understanding of group projective

identification as used in my work with Capital Corporation permitted me to observe and analyze aspects of the company's functioning that would have been inaccessible had I used a different perspective. In this sense, I believe that projective identification is a concept that offers a crucial complementary perspective to any approach to organizational diagnosis. I will explore how my own background likely contributed to projective identifications that I directed toward Capital as well as projective identifications that were directed toward me from the company.

Next, I will think about how another way to understand projective identification, a way that I label as "classical," leads to a somewhat different understanding of Capital's functioning. This view is epitomized by a major early work on organizational diagnosis by Harry Levinson, parts of which I will review in some detail.

Finally, I will explore some other aspects of my research, including the ways in which non-psychodynamic psychological understandings, which I have not used, may add to an understanding of Capital; the ways in which the nature of the mutual projective identifications between Capital's partners and me affected my data-gathering; and the ways in which my status as a student and *pro bono* diagnostician influenced my work with the company.

My Experience of a Systems Psychodynamic Understanding of Projective Identification

During my experience of working in the systems psychodynamic perspective with Capital Corporation, I developed an understanding of projective identification which allowed me to gather unconscious transferential material related to interactions between and among individuals

and sub-groups within the company. This understanding also allowed me to gather and analyze direct experiential data about modes of relating by examining the quality of the relationship between myself as the diagnostician and the company. Some of this data was unconscious – such as my countertransference and aspects of the communications patterns that developed between me and Capital's partner group – and was transmitted through group-level projective identification.

As I tried to suggest in discussing the methodology of this research, I understand a contemporary approach to systems psychodynamic organizational diagnosis as emphasizing working collaboratively with the client organization, rather than attempting to take the role of expert. In my understanding of a contemporary approach, no *a priori* methodology exists for conducting a diagnosis; rather, the diagnostician takes the role of learner in relation to the organization. The diagnostician is viewed as accomplished in the process of learning (both about conscious and unconscious aspects of organizations and about the diagnostician-client relationship) while the client is viewed as an expert in his or her own organizational culture. This kind of collaboration allows for many aspects of unconscious material to emerge as potentially useful data.

Using My Understanding of Projective Identification to Explore Possible Meanings of Some Client Behaviors

To give an example of how I used my understanding of projective identification in my work with Capital Corporation, I want to explore some possible meanings of interactions between Capital's partners and me. These

interactions consist of Capital's partners' responses to requests by me for their participation in data gathering.

When I began inquiring into gathering data, the partners repeatedly failed to return my phone messages or e-mails until I had made several attempts to reach them; they delayed for six months before responding to my request to attend their semi-monthly management meetings; and they made several subtly-dismissive comments to me about my unpaid role as student-diagnostician (see page 52). Other responses included offers to pay for meals for me, to provide free transportation to and from visits to company sites to gather data, to give me theatre tickets and to entertain me at a country club.

In analyzing my countertransference to these behaviors, I realized that I imagined the partners felt as if they were doing a favor for me by participating in my research and that they believed the company could receive no benefit from my diagnosis. When offered meals, tickets and other pleasant perks – some of which I accepted – I imagined I was the good little brother of these older siblings, finally being allowed to tag along and play with them. As well, I observed that most of these behaviors on the part of the partners took place without any apparent forethought, and I noticed that I failed to share my ideas about these behaviors with the partners. When I put these observations about my countertransference and our client-diagnostician communication pattern together, I developed the following hypothesis. I believe the partners saw me as a nice young man with whom they were cooperating in an effort to act helpfully, and that my passive compliance with their ways of working reinforced their thinking that what I might have to offer was insignificant.

Further, I began to think about what I had observed in one of the partners' meetings in which one of the elder partners (those working in operations) asked a question during the verbal report of one of the junior partners (those in sales and marketing). The question to a younger partner was, "When are you going to give us any real stuff?" In linking the above hypothesis to this bit of data, it is possible to see how one of the questions in the partner group may be about the value of the work that each of the partners contributes to the company. And this, in turn, tells us something about the underlying anxiety roiling the group about how work and resources may be reorganized once the partners' psychologically powerful father dies.

What my understanding of projective identification adds to these hypotheses is this: In a manner parallel to that in which the partners projected into me the feeling that I was a harmless youngster that they were paternalistically helping with his games, it is plausible that the partners are trying to reduce each other to a similarly helpless status, while defending against this aggressiveness by construing their hostile comments to me and to each other as constructive criticism.

The Impact of My Personal History

In addition to projections directed from the client to the consultant, which play an important role in hypothesis-generation as in the above example, it seems likely that the consultant's close involvement with his client means that projections also go the other way. Schore (2003, p. 65) points out that projective identification, "both in the developmental and the therapeutic situation, is not a unidirectional but instead is a bidirectional

process in which both members of an emotionally communicating dyad act in a context of mutual reciprocal influence." I contend that Schore's assertion applies as well to the interpersonal context of organizational diagnosis and consultation, since the relationship of consultant to client – whether the client is conceptualized as an individual or a group – can be seen as analogous to the context of dyadic psychotherapy. It is therefore reasonable to hypothesize that projections from the consultant into the client are important in making meaning of the relationship and of client behaviors. One such potential projection relates to the personal development of the diagnostician. In my work with Capital Corporation, since I grew up in a family that operated a business, my development is obviously relevant.

My grandfather Mark Edison, after whom I am named, started a shoe-retailing company with his four brothers. By the time I was born, the company was known as Edison Brothers Stores. As in Capital Corporation, the company's five managing brothers paid themselves the same salary. And while they worked effectively together for more than forty years, they paid a heavy emotional price. Existing letters paint a picture of longstanding disputes, rages, accusations of deception and resignation threats. Even those of us in the extended family who held no role in the company knew that the culture among "the brothers" meant that "no matter how much we might raise our voices behind closed doors, we're a united front when the doors open." The first generation effected a successful transfer of control to the second generation, which included my father. Sadly, the same cannot be said for the fortunes of the second and third generations. While the second generation sat on the board, another grandson of Mark Edison failed in expanding the company into the teeth of a recession. Edison Brothers filed for bankruptcy in the 1990s and was liquidated soon after.

One way my father and his family, many of whom lived in St. Louis during my childhood, managed to tolerate working for the same company was to create an emotional distance between each nuclear family headed by an Edison. As a result, I have a large extended family whose members I know only slightly. (In a hopeful sequel to our family-business story, one of my cousins purchased the Bakers Shoes chain from Edison Brothers at the liquidation sale and has recently taken it public.)

I now realize, almost two full years after conducting the diagnosis of Capital Corporation, that some of the unconscious feelings I experienced surrounding my family's business interacted with unconscious processes operating inside Capital to influence my behavior during the research. Within Capital, the partners feared that the company will come apart after their father dies and that their family will be irreparably damaged. My work likely evoked awareness of this worry. At the same time, I feared that to challenge the partners' distancing of themselves from me -- by failing to return phone calls and by ignoring for six months my request to observe their regular partners' meetings -- would result in a further distancing, much like that which took place in my own extended family. So the unconscious anxieties of both diagnostician and client were enacted projectively in our relationship with the paradoxical result that we remained defensively distant. Accordingly, the depth of the diagnosis that I could provide was limited. Had I recognized some of this at the time, I might have been able to provide feedback to Capital Corporation that would have shifted and enhanced our working relationship.

A "Classical" Understanding of Projective Identification in Systems Psychodynamic Diagnosis

In what I am calling a "classical" understanding of projective identification in systems psychodynamic diagnosis, what seems to me a critical factor is that unconscious projections (or transference) are conceptualized as originating solely in the client. What this means in practice is that the relationship between the diagnostician and his client organization functions only as a way for the diagnostician to uncover pre-existing data about the unconscious operations of the client organization. Since this differs significantly from a contemporary systems psychodynamic understanding of projective identification, it is likely to result in differing hypotheses.

This classical approach is epitomized by the work of Levinson (1972, 1981, 2002) whose book-length exploration of systems psychodynamic diagnosis, *Organizational Assessment* (2002), remains unique in the literature. While Levinson conceptualizes the existence of an unconscious dimension in organizational life, as well as of transference, he emphasizes that the unconscious thoughts and feelings are transferred only from the client to the diagnostician – not the reverse. Therefore Levinson neither explores diagnostician countertransference nor what diagnostician countertransference might reveal about the client organization.

In addition, the tone of *Organizational Assessment* is prescriptive rather than collaborative. The book's relationship to its readers is like that of "the highly systematized examinational procedure…used for the physical and psychiatric examination of the individual person (2002, p. x)." Further along in the book, Levinson refers to it as a "manual (2002, p. xi)," then

takes the reader through a series of unvarying steps that he states must be taken by the diagnostician in order to complete the task. For example, Levinson notes that when he has completed the diagnostic report he always performs the following action: "I then read the report aloud, slowly. When I have finished reading it, the client is then free to ask whatever questions he or she wishes, to discuss any items or implications, and to advise me on language (2002, p. 233)." Of course, the very language of the quotation reveals its authoritarian nature. Why isn't Levinson's client "free" to ask questions or discuss related matters at any point in their interaction? The answer is that, like the relationship of the classical psychoanalyst to his patient, only the life of the organization is explored in a classical systems psychodynamic diagnosis. Additional meanings that could be derived from the client-diagnostician relationship are not considered as relevant data.

To return to the example of Capital's partners' responses to requests by me for their participation in data gathering, one hypothesis to which I am led through a classical understanding of systems psychodynamic diagnosis is that the partners were ambivalent about having me at the company. On the one hand, they wished to avoid or delay answering my questions, while on the other they hoped to make me feel welcome. Perhaps they felt guilty about the wish to avoid me and were attempting to make reparation by offering me perks. A more extreme possibility is that they were attempting to buy my cooperation in producing a complimentary report of the company in my research.

What do these ideas suggest about relationships and operations within Capital? It could be that the partners' attitudes toward their employees contain some ambivalence, a possibility partially supported by the following additional data. Over the course of my time at Capital, I talked to twenty-

two employees with varying tenures at the company. One theme that emerged was that employees felt the partners could act harshly, humiliate them publicly, and behave in a dismissively authoritarian fashion. On the other hand, employees told of numerous instances of benevolent paternalism, such as of paying childrens' medical expenses and of subsidizing employees' graduate educations. Perhaps the partners were ambivalent about having to hire non-family members to operate their business and projected this feeling in alternate modes of denigration and reparation into the staff.

In any case, what is missing from this analysis is an exploration of information that has potentially been projected into the diagnostician and what the nature of the client-diagnostician relationship might tell the diagnostician about the client organization. This is not to say that any one hypothesis – regardless of the paradigm from which it originates – is more valid than any other one, only that they differ depending on the methodology from which they are derived. Indeed, the diagnostician may be unable to decide, based on his ideas about projective identification or other aspects of his paradigm, on which among several hypotheses would be most helpful for the client to hear. He then presents several working hypotheses in the hope of deepening both his and the client's understanding.

Thoughts on Other Aspects of My Research: Alternative Psychological Paradigms

In writing about my understanding of projective identification as I use it within a systems psychodynamic perspective and as I experienced it in my work with Capital Corporation, I have tried to make clear that it offers a

crucial complementary perspective to other ways of understanding Capital Corporation. It does not exclude other perspectives, but offers an alternative. In this research it has proven impossible to assess the relative usefulness of one hypothesis over another in enriching understanding of Capital's operations because Capital's partners declined all invitations by me to offer feedback on drafts of this paper.

Accordingly it is entirely plausible that a non-psychodynamic psychological approach to developing hypotheses about the data would prove informative. For example, it is possible that the disputes between the elder partners (in operations) and the younger ones (in sales and marketing) stem solely from unethical behavior and poor work performance that have for many years impeded the company's profitability. Perhaps all concerned are aware that this is the case and that their father is deliberately not taking sides because he would consciously rather pay the price of reduced profitability rather than risk favoring some of his children over others. As well, it may be that the partners' gently dismissive behavior towards me can be understood as an effort to minimize my distraction from the partners' work. A corollary of this idea is that the partners were willing to allow me to observe the company only as a way of thanking my classmate for his years of loyal service to the company.

At the same time, it is possible that my understanding of my own projections and how they influenced my diagnosis is distorted. Specifically, it may be that I have insufficiently understood the meanings of my own projections and that therefore meanings that I hypothesize to exist for Capital's partners in fact exist only for me. For example, I wrote above about experiencing myself as unwilling to challenge the partners' delays in allowing me to gather data in the company. I understand my unwillingness

as a projection of my own from my experience with my own family and their business. Yet it seems equally possible that I did challenge the partners, in my own leisurely fashion, by stubbornly refusing to quit asking to gather data. Then the partners' behavior could not be understood as resulting from my failure to challenge them; an alternative hypothesis would have to be advanced. In short, my projections may have influenced my diagnosis in ways that I do not yet understand.

Systemic Aspects of My Role At Capital Corporation

I have discussed my understanding of the transference of Capital's partners to me as one in which they viewed themselves as helping me while also believing that my research could be of no use to them. Of course, it is accurate to say that by participating in my research, Capital's partners were helpful to me. Yet if I were a professional consultant who charged a fee for my diagnosis, I might have evoked a hopeful transference in which Capital's partners believed that I could offer useful insight. I would now expect that where the diagnostician can realistically take the stance of an independently-functioning professional, the diagnostician-client relationship has the strongest chance of proving helpful.

In part because of the nature of the transference that developed during this research, Capital's partners felt that they could impose limits on my data collection (for example, they did not permit me to observe more than two partners' meetings). It is likely that these limits both degraded the quality and decreased the quantity of data that I was able to collect (although, of course, the nature of the transference is itself valuable information in a systems psychodynamic perspective). As well, these limits may also have

influenced the ways that I have re-experienced the diagnosis while developing my understanding of Capital. I am referring to my conceptualizing of certain "iconic moments" (Gould, personal communication, 2004) as especially rich in meaning about the culture and functioning of Capital.

For example, as discussed in Chapter VII, when one partner associated to the film "The Great Santini" when referring to his father, this instantly gave me the picture of a man whose family feared him and perhaps felt that his firmness had a sadistic quality. This iconic moment stimulated me to think about how the partnership will function when such a powerful force is no longer in the business. Another example took place during a partners' meeting when one turned to me and commented that "nothing we're doing here is illegal." While I am not in a position to assess the accuracy of that statement, the fact that it was voiced prompted me to think about how conflicts about trust pervaded the partner group.

I am hypothesizing that if I had had freer rein to explore additional aspects of Capital, I would have absorbed more of the ongoing flow of Capital's culture rather than informationally-rich but disconnected individual moments. Although this dissertation is, in part, an attempt to construct a narrative about Capital from relatively discontinuous data, it would likely differ if my reliance on iconic moments were not so significant.

Finally, it is of course impossible to predict how the dynamics of any diagnosis will develop, but it may be that student diagnosticians like myself, or others providing *pro bono* diagnoses, are especially susceptible to client organizations' projective attempts to place them into roles that limit or distort their capacity to collect and analyze data. (I am referring here to the role into which Capital's partners tried to place me as a sort of junior passive

son in the business.) I therefore recommend, first, that such diagnosticians seek out expert supervision during the course of their work. At the same time, these diagnosticians can take further steps to increase the chances that their experiences will be rewarding. One alternative is to work with several organizations simultaneously so that the diagnostician is not dependent on the relationship with only one client. Another option is to conduct diagnoses with one or more partners. This approach offers the advantage that projections of organizational dynamics are likely to influence the functioning of the diagnostic team in ways that can be fruitfully explored by the team and used as an additional source of data. In addition, the team approach provides the opportunity for built-in peer supervision which often helps to bring countertransference to awareness and to generate new and potentially useful thinking.

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