Needs Assessment for Predictable Organization Transitions:

The Case of the Initial Public Offering (IPO)

in the Organization Life Cycle

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ABSTRACT

Needs Assessment for Predictable Organization Transitions:
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This study undertook a problem-seeking, organization-wide needs assessment of a predictable organization transition. The initial public offering (IPO) of a previously private, independent company was investigated as a predictable transition in the organization's life cycle. The case study organization was selected from the population of all new public companies in Québec between 1981 and 1984. Interviews were completed in 1986 and 1988, other data were also gathered in 1988 from company and public sources. Interviews were transcribed and all the data were then analyzed using the Ethnograph software program. The results provided both a confirmation and an extension of the IPO Transitions Model that was developed at the outset from the available IPO literature. A design for suitable learning interventions is proposed to facilitate a successful transition. This study makes contributions in three areas: (1) The method demonstrates how a problem-seeking, organization-wide needs assessment can be performed to identify the changes required in an organizational transition; (2) The results provide a much needed empirical contribution to the life cycle literature; and (3) The development and initial confirmation of the IPO Transitions Model contributes to the IPO literature and to those involved in the IPO process.

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CHAPTER I

INTRODUCTION

This study identifies and analyzes the changes in behaviour that a company goes through when it becomes a public company for the first time. It is an organizational needs assessment of the problem identification type. The method is built from the established needs assessment literature; the content and focus is based on the existing literature about organization growth and development (the organization life cycle) and about the process of becoming a public company. This needs assessment provides the basis for identifying educational technology interventions that might be appropriate in facilitating this change process.

This chapter describes the role of needs assessment in educational technology and introduces some limitations in extant methods of needs assessment. It then shows how an identification of the transition issues faced by new public companies provides a worthy research setting for developing new approaches to needs assessment. It closes with a summary of the main focus of each of the ensuing chapters.

The Educational Technology Perspective

Educational technology (Ed Tech) is an emerging field of study and the definition of its domain has been the subject of some discussion. The Association of Educational Communication and Technology (AECT) defined Ed Tech as a process for analysing and solving problems "in all aspects of human learning" (AECT, 1977, p. 1). Mitchell (1979) argues that Ed Tech is concerned with more than the instruments, techniques, or technological tools of education. He presents Ed Tech as a problem oriented, systems approach to "structuring environments for learning". Educational technology provides a multidisciplinary framework for synthesizing knowledge about how to improve human learning. It goes beyond evaluation or a strictly behaviourist approach to learning; it extends beyond traditional educational institutions to encompass other learning environments (Mansfield and Nunan, 1978). Ed Tech appears to be a broad based field with broad based concerns: "An interdisciplinary conglomerate concerned with virtually all aspects of education and training" (Mitchell, 1981). Ed Tech encompasses virtually any situation in which learning takes place and there is the possibility of intervention to facilitate this learning. The systems approach stressed by most current researchers and writers highlights the need to consider learning and educational phenomena as a network of complex and interrelated parts. Thus, educational technology can be viewed as a field that is concerned with behaviour changes (learning) in their organizational (systems) contexts. The educational technologist is, fundamentally, an agent in a process of changing people's behaviour. The study of how changes take place, not just in individuals but in larger systems as well, forms the backbone of knowledge in the field of educational technology.

The area of instructional design, one of the core areas in Ed Tech, has adopted the systems perspective, and this has led to a broadening of its purview beyond the design of instruction and towards the engineering of behavioural results. The initial stage in most instructional design models is needs assessment. Burton and Merrill (1977) define needs assessment as a "systematic process for determining goals, identifying discrepancies..., and establishing priorities for action". Applied in the context of the approach espoused by Briggs and Gagné (1974), needs assessment means the determination of behavioural objectives to guide the design of instructional events and instructional sequences. However, Gilbert (1978) takes a broader view. His concern is performance rather than instruction, and he proposes an approach to performance evaluation and measurement that goes beyond traditional learning interventions to encompass job design and organizational systems. Romiszowski (1981) follows Gilbert's approach and stresses the need to "analyse performance problems to avoid developing training where no training is needed". He has, in fact, entitled one chapter in his book, "Is Instruction the Solution?", and suggests that the systems approach to needs assessment takes an organization-wide view of present and futur performance problems. This is clearly a broadening of the narrow behavioural objectives view of instructional design to include other human resource development concerns.

Kaufman (1979, 1983) also presents a broad based perspective to needs assessment with his six level approach. He stresses the need for analysis of ends as well as means in his "system approach". He identifies an alpha level needs assessment beginning with an analysis of the organization's objectives and mission, with the possibility of "deep change" in the organization's orientation to its environment.

Thus it could be argued that the systems approach in Ed Tech has led to a broadening of the perspectives of both the field as a whole and of the various approaches to needs assessment. The design of interventions or change strategies is based on an analysis of discrepancies and the definition of desired outcomes or objectives. In this sense, needs assessment is at the core of the broad instructional design concerns of Ed Tech.

Needs assessment models are based on experience in schools and other large institutions. Thus, the techniques are designed to assess outcome gaps between desired and actual performance of well defined target audiences (e.g., a grade level in schools, a job classification in a company, an occupational classification). The more complex the job and the more differences in the way individuals do their jobs, the more difficult it becomes to use the established needs assessment models. Thus, existing needs assessment techniques are most readily applied to situations where there is a target audience of people doing largely similar tasks, but with varying degrees of success, or to the analysis of a single situation. They are not generally designed for an organization-wide assessment (excepting Kaufman's "alpha" needs assessment mentioned earlier). They are, furthermore, generally solution oriented rather than problem seeking. Most needs assessment models begin after a performance problem has been identified (Davis, Alexander, and Yelon, 1974; Dick and Carey, 1990; Friesen, 1971; Mager, 1984). Only a few recognize that the identification and analysis of problems is also a valid and important needs assessment task (Mayer,1986; Rossett, 1982). This study, an organizational needs assessment of the problem identification type, is, therefore, at the forefront of new knowledge in the needs assessment area of educational technology.

Educational technologists have traditionally worked in the development and delivery of instruction. Their purview was extended considerably with the recognition that training and instruction are not the only solutions to performance problems (Gilbert, 1978; Kaufman and English, 1979; Romiszowski, 1981). Educational technologists can, however, do more than analyze and solve given problems; they can also become involved in the initial identification of performance problems worth solving. This step will expand the role and importance of the educational technologist. A further shift from the analysis of individual job categories or school grade levels to an analysis of organization-wide functioning will also extend the impact and importance of the educational technologist. Educational technology's focus on learning and performance can make useful contributions to organization design and planning in schools, industry, and non-profit organizations. This study provides one step towards developing and demonstrating some tools and solutions for identifying important organizational change requirements. It is in this sense that it purports to make a contribution to extending the boundaries of the field of educational technology.

The Small and Medium Sized Business Context

Small and medium sized businesses (SMB'S) represent one context in which these needs assessment techniques may be applicable. SMB's have been increasingly recognized as important organizations in our societies. Statistics on failure have always been high. Most of the studies on causes of failure identify management weaknesses as a major cause (Dunn and Bradstreet, 1979, 1983). Other studies of SMB's have shown the influence of the owner/manager to be the most significant force in the organization's behaviour (Mintzberg, 1979a). Governments in Canada and other countries have been devoting increasing attention to improving SMB performance. The management development of SMB's represents a potentially fruitful new area to test and extend some of the principles and practices of educational technology.

The management problems of owners of SMB's are not easily categorized into a homogeneous group. There are differences in the management requirements for the family run convenience store, the innovative high tech firm, the young entrepreneur launching his/her first venture, and the plant manager who buys his operation from the parent corporation. In a review of the literature in the training and education of entrepreneurs (Dainow, 1986) articles were categorized by training context and target audience. This analysis showed that many different target audiences and different training contexts are considered in the current literature, but there is no consistent recognition of how the appropriateness of interventions might vary from one context to another or from one target to another. If needs are to be assessed meaningfully, a method for segmenting the SMB population into more homogeneous subgroups is required. The following sections discuss how the concept of the organization life cycle can be helpful in this regard.

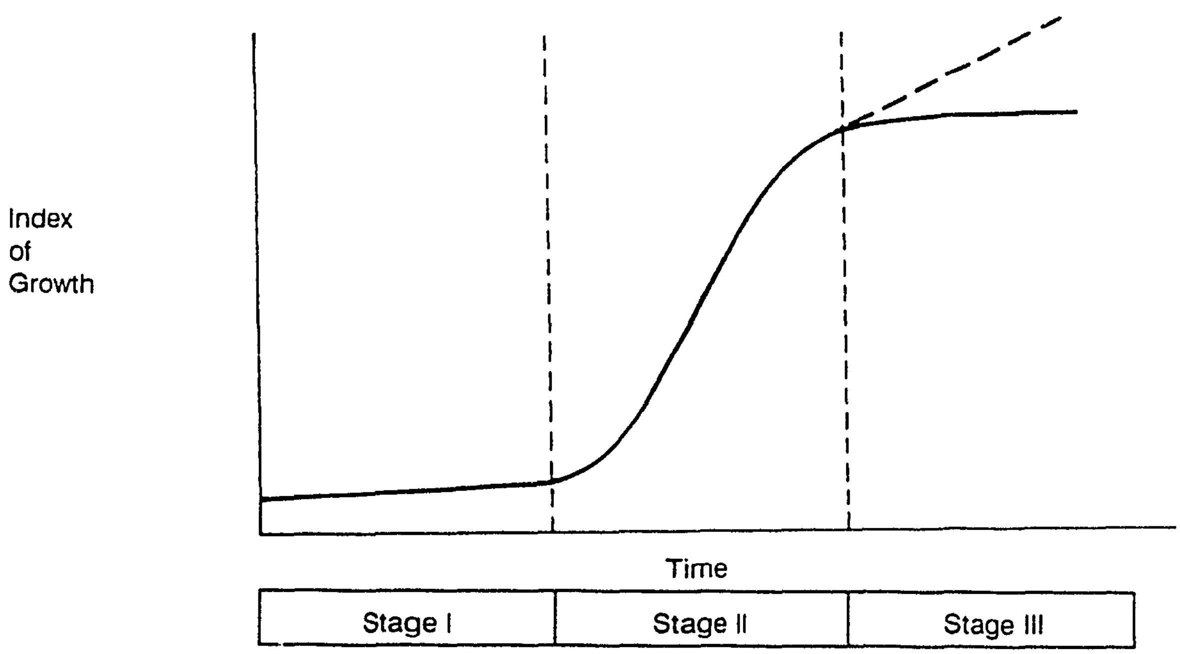
The Life Cycle Concept

One framework for categorizing different types of SMB's that has been proposed by a large number of researchers and writers is the organization life cycle concept. According to this concept, organizations go through periods of infancy, growth, and maturity. This is often depicted as the familiar "S" curve (see Figure 1: The Organization Life Cycle).

The life cycle notion has its roots in psychology and the study of personality development. The concept has been applied to the analysis of business institutions and industries (Chandler, 1961), product marketing (Levitt, 1960), and the individual firm that starts as a small business. Although the field of small business management is still only emerging as an accepted academic field of study and does not, therefore, have a very extensive literature, over 16 life cycle models that consider the evolution of the SMB have been identified (Hugron, 1983) The management requirements of each stage are different and several authors have suggested that the transition from one stage to the next is marked by a management crisis. Some have theorized that it is, in fact, the success at meeting the management requirements at one stage that eventually creates the crisis, so that a critical strength of the company becomes a critical weakness as the organization continues to grow and mature (Kimberley, 1979). It is the resolution of these crises that marks the transition into the next developmental stage. At the same time that these theorists propose these models of revolutionary change in moving from one stage to the next, other theorists point out that profound changes can also occur between periods of growth (Barnes and Hershon, 1976). In his studies of organization strategy, Mintzberg and Waters (1982) found patterns of change followed by consolidation. Thus, even in times of apparent stability, important organizational changes may be taking place.

Figure 1

The Organization Life Cycle (Filley and House, 1969)



The life cycle notion therefore suggests itself as a useful way to identify target audiences of owner/managers facing similar requirements for change. One problem with using the life cycle notion to identify companies facing similar change requirements is the difficulty in finding a group of companies that are in the same life cycle stage. Unfortunately, the life cycle concept has not been the subject of many empirical studies. In a few cases, however, sample companies have been categorized into different life cycle stages for purposes of further analysis (e.g., Vozikis, 1979). More must be done. If meaningful management development is to be provided to owner/managers and if their organizations are to prosper, we will need more precise ways to identify organizations facing similar change requirements. Needs assessments can be used to serve this purpose. The life cycle provides one framework for theorizing about what these change requirements might be, but what it does not provide is a mechanism for identifying companies at stages beyond the initial startup. Although there is evidence that companies become more formal in their structures and procedures as they age and grow (Mintzberg, 1979a), there are no empirical studies known to the author which have demonstrated a method for selecting companies at the same life cycle stage in order to verify that theorized changes are, in fact, taking place. For the educational technologist who is interested in understanding and facilitating organization change processes, it is particularly important to develop mechanisms for identifying company life cycle stages so that the expected organizational changes can be properly anticipated and planned for. The approach of this research is to use the initial public offering (IPO) as the selection variable to identify a sample of companies that are expected to be facing similar organizational change issues.

The IPO Event

Only a small proportion of the SMB population ever becomes eligible to go public, and of those that can meet the filing requirements, only some of them actually do seek public equity. There were 166,463 companies in Québec in 1986, and of these, 871,481 (99.4%)

were SMB's (Ministère de l'Industrie, du Commerce et de la Technologie, 1988, p.81). There were 97 SMB's that went public in Québec through the QSSP program between 1979 and 1986 (Desroches, Jog & Taylor, 1991, p.1). Barely .01% of the SMB population went public over this seven year period, despite the strong incentives of the QSSP program. With few exceptions, the IPO's of private, independent businesses are characterized by successful, fast growing firms with promising futures. These firms are already in the growth stages of their life cycle. These are companies that have shown they have the potential to become significant corporations; if they fail to successfully make the transition to a public company, the cost to society is indeed high. Conversely, any research that can help ensure a more successful transition is potentially a real benefit.

If the IPO does, in fact, represent a watershed point or marker for many companies that are undergoing an important life cycle transition, it provides the means to identify a target audience which needs to address similar organizational change issues. This is an area of interest for the knowledge base of educational technology in its search for increased understanding of organizational change processes, and it is equally of interest to the practising educational technologist as a facilitator of these changes.

This investigation analyses one company to assess the nature of any changes it was undergoing and how it was handling them. These data are then used to support the Preliminary IPO Model (PIM) developed from the existing literature on the IPO event (see Chapter 2, Literature Review). The result is a framework for predicting the transition issues that other new public companies will have to face. Interventions that could facilitate these transitions are also proposed (see Chapter 5, Discussion).

Presentation Outline

The order of presentation is as follows:

- Chapter II, Literature Review, considers the three areas that contribute to this study: Needs assessment; the organization life cycle; and the IPO event. The result is a framework for performing this needs assessment; an understanding of how life cycle models support the notion of predictable organization transitions; and a Preliminary IPO Model (PIM) to describe the IPO transition that is the focus of this study.

- Chapter III, Method, describes some requirements of this organizational needs assessment and shows how a qualitative methodology suits these purposes. The case study design is then presented, including all the steps in identifying and selecting subjects, preparing materials, and carrying out the data gathering procedure and then coding the data for analysis.

- Chapter IV, Results, presents the analysis of the coded data. Thirteen main codes were used to categorize the data, and each of these is analyzed separately. These results are then compared to the PIM. The PIM proposed five main areas of change in the IPO transition; the results of this study are summarized for each of these five main change areas.

- Chapter V, Discussion, shows how this study makes valid contributions to each of the three areas that contributed to its design: Needs assessment models, organization life cycle theories, and the IPO event. It then develops in some detail a possible program design for interventions to facilitate this transition process. It concludes with an assessment of some of the weaknesses in this study and some suggestions for further research.

CHAPTER II

LITERATURE REVIEW

This chapter reviews the literature on the three significant topic areas of this thesis. Needs assessment provides the framework for determining the method and purposes of the study, while organizational life cycle theories and the literature on IPO's provide the background on the subject under study (viz., managerial and organizational behaviour changes).

Needs Assessment

Needs assessment is supposed to precede education, training, or any other performance improvement or personal development program. Few will disagree with this notion, in general, yet it is not universally prescribed in the extant instructional design (ID) literature. Some do not mention needs assessment at all, some recognize its place but do not address it, and some discuss its importance at some length. It is from this last group that useful guidelines for this study were derived.

Instructional Design Without Needs Assessment

Reigeluth's (1983) collection of readings on the current status of ID theories does not include needs assessment or front end analysis in its purview, although it does consider task analysis (The terms needs assessment and front end analysis do not even appear in the index!). Gagné's (1985) widely read text, The Conditions of Learning, is the same: Task analysis is covered as a more detailed breakdown of job descriptions, but needs assessment and front end analysis are nowhere evident in this work. This is also true for Davis, Alexander, and Yelon (1974) in their text entitled, Learning System Design. Only task analysis is covered, and this in the context of taking an established task and analysing it so that it can be taught to others.

Gagné and Briggs (1974), focusing explicitly on ID, also ignore needs assessment. Their revised edition (1979) introduces a systems approach that does include the "analysis of needs, goals and priorities" (p. 23) as stage one. They describe needs as gaps between desired and actual performance, referring to Kaufman (1986) and Burton and Merrill (1977), however, they reject this definition, stating that "other definitions would place a need as just a step broader than a goal" (p. 24). They then go on to describe how broad curriculum needs have been decided in the past, but they do not prescribe any methods or techniques for either school settings or non-educational settings.

Instructional Design Begins After Needs Assessment

The needs assessment process is accepted by several authors, but they do not describe how to do it. Mager and Pipe (1970) and Freisen (1971) both start their analysis *after* a problem has been identified. Their first step is to describe a performance discrepancy, *not* to find if there is one and, if so, to assess it. Mager (1984) also starts with an identified problem and asks if it is worth solving, and if so, if instruction is part of the solution. This position is consistent with an earlier work of his (Mager and Beach, 1967) where he proposes the job description as the starting point for developing vocational instruction. Dick and Carey (1978) sum up this perspective when they say, "We will not attempt to teach processes such as needs assessment or job analysis. *It is enough to know that these techniques do exist* [emphasis added] and are used as sources for identifying the content of instructional programs" (p. 14). Their most recent edition (Dick and Carey, 1990) reflects this same view: "It is not our purpose in this book to explain or demonstrate how to conduct a complete needs assessment... We begin the instructional design process at the point following goal identification" (p. 16).

The Role of Needs Assessment

The notion of a need as a gap between desired and actual performance is fundamental to all the models that provided useful guidelines. This notion, generally credited to Burton and Merrill (1977), Gilbert (1978), and Kaufman and English (1979), provides a basis for defining needs assessment as the identification and analysis of gaps or deficiencies that can be analysed with a view to their solution. Design, development, and testing stages of the

ID process are then based on this needs assessment. "The challenge [of needs assessment] is to find the problem, to understand it sufficiently so that it can be solved" (Rossett, 1987, p. 8).

Romiszowski's (1981) systems approach begins with the identification and prioritization of problems. This stage analyses the functions of the organization, collecting information from selected sources for each function, to identify present and future problems. (Oppenheimer (1982) presents a method for using job incumbents to perform this function.) The next stage then proceeds with an analysis of the problems of highest priority. This approach resembles an alpha level assessment (Kaufman and Stone, 1983) which seeks to discover any gaps between desired and actual outcomes related to the organization's mission. This analysis affects all levels of an organization; correcting deficiencies uncovered at this level can provoke deep change.

Needs assessment can be done for different purposes (Mayer, 1986; Rossett, 1982). When the purpose is to assess the nature of the problem, questions and techniques focus on problem identification - finding and describing any discrepancies. This distinction is of some importance, particularly since "the literature offers more guidance to the developer who is attempting to *prioritize* and *select* a need than to the developer who is identifying needs" (Rossett, 1982, p. 29).

The Techniques for Problem Identification

The three basic tools of needs assessment are readily identified as surveys, interviews, and observation. Morrison (1976) suggests organizational audits as a tool to use in the search for unsatisfactory results (i.e., problem identification). These audits can look at financial performance records, personnel records, audits of specific functional areas, and any other data that may be available (such as skills inventories or manpower planning data). Mayer (1986) adds to this archival review of internal documents the use of other documents from outside the focal organization. Research, then, can be considered a fourth needs assessment tool.

Rossett (1987) makes an important contribution to determining when and how to use these needs assessment tools. She ties the tools to the purposes of the needs assessment and the techniques being used. *Extant data analysis* (the first technique) focuses on results in order to assess the organization's success in accomplishing its goals. It resembles an alpha assessment (Kaufman and Stone, 1983). This technique, like the two others Rossett describes, will use any or all of the needs assessment tools to achieve its purpose. *Needs assessment* (the second technique) uses mainly interviews (including small group interactions) and surveys to seek the opinions and ideas of various constituents about performance discrepancies. *Subject matter analysis* (the third technique) interviews subject matter experts, observes star performers, and researches available documents in order to determine what must be known in order to achieve a desired result. *Task analysis*, though not included explicitly by Rossett as a technique, deserves consideration since it uses observation and interviews in order to determine what skills need to be in place in order to achieve a desired result. The focus here, as in Gilbert's (1978) search for exemplar performers, is "on finding out what distinguishes the star from the clod" (Rossett, 1987, p. 101). These techniques are listed in Table 1: Needs Assessment Techniques.

Table 1

Needs Assessment Techniques*

Technique	Main Use
Extant data analysis	To assess organization mission, goals
Needs assessment†	To gather opinions and ideas about needs
Subject matter analysis	To determine relevant knowledge
Task analysis	To determine skills (organizational behaviours)

* based on Rossett, 1987.
† note that Rossett uses the term needs assessment as both a tool and a technique.

The four techniques listed in Table 1: Needs Assessment Techniques are used in this study:

- *Extant data analysis* will use research tools to review internal and external documents in order to identify or explain possible problem areas. Available data will be searched to find out what is going on in the focal organization.
- The *needs assessment* itself will use interviews to collect a variety of opinions and views on the changes required of the organization. Observations, where possible, can both confirm and enrich any interview findings. Some of the data collected in these needs assessment activities will also contribute to the extant data analysis.
- *Subject matter analysis* will search any relevant literatures to assess what knowledge can inform the organizational changes of a new public company. The organization life cycle literature can provide a framework for describing the evolution and development of organizations (and the IPO event is seen as a critical one in this life cycle), and the literature on IPO's can provide guidance on the problems or changes to anticipate.
- *Task analysis*, the assessment of the skills required for a successful organizational transition, will prove useful to the extent that an exemplar performer can be found.

The next two sections of this chapter will address the subject matter analyses described above, viz., the organization life cycle and the IPO event.

The Organization Life Cycle

There are some real differences between small organizations and large organizations and these differences are important:

> Small firms are not infantile versions of large ones...size differences occasion features or conditions unique to each size of company. As a company gets bigger it takes on

new problems and brings some established problems to an end...What managers in small companies should spend their time on differs from what managers in large companies should spend it on (Cohn and Lindberg, 1974, p. v).

Smith, Mitchell, and Summer (1985) undertook laboratory and field studies, concluding that management priorities shift in different stages of the company's development. They conclude that "academicians...should make such prescriptions [about what top managers' priorities should be] contingent upon the life cycle stage that focal organizations are in...Managers need to change their priorities as their firms move through different stages. If they cannot, they may inhibit the further growth of their organizations" (pp. 817, 818).

Researchers are also advised to consider these differences. D'Amboise and Muldowney, in a comprehensive review of management theory for small business, conclude that "researchers should explore how the manager's role, style, and practices change as his or her business grows" (1988, p. 237). Kimberly (1980) points out how much of the research on organizations misses these differences: "A given sample of organizations is likely to include some very young ones, some middle aged ones, and some very elderly ones. To include them all in the same sample of organizations implicitly assumes that those differences are unimportant" (p. 5).

One of the most common frameworks for understanding how organizations grow and change is the organization life cycle This notion has strong intuitive appeal and there is an extensive literature on this topic. The most widely accepted life cycle theories posit a sequence of stages which all organizations pass through as they "grow up". These stage theories "assume that organizations develop in an evolutionary manner, following an a priori sequence of transitions" (Kamm, Nurick, and Edwards, 1986, p. 8). These are the models that informed this study, and they are dealt with at some length in the next section. However, Kamm et al. (1986) categorized the literature into three categories: Stage theories, state theories, and population ecology theories. A brief review of some population ecology and some state theories is presented in the following paragraphs.

Population ecology theorists "believe that environmental forces are more important in understanding organizations' creation and survival than are the adaptive actions and attributes of individual entrepreneurs and managers" (Kamm et al., 1986, p. 12). The process of natural selection ensures the survival of those organization types that achieve the best fit with their environment. Stinchcombe, for example, proposed that "some very general characteristics of populations and social structure...affect motivation to start new organizations and the likelihood of survival of new organization forms" (1965, p. 146). He goes on to argue that the founding date of an organization affects its organizational structure and that this organization structure remains "remarkably stable over time" (p. 155).

State theories are those that identify the various types of organizations that can exist, without positing a necessary sequence or evolution from one to the other. Different authors have presented different types of organizations, creating some rather distinct state theories.

- Smith (1967) used data from unstructured interviews with 110 enterprises to characterize both the entrepreneurial type (craftsmen or opportunistic) and firm type (rigid or adaptive). He found that the craftsman entrepreneur builds a rigid organization and the opportunistic entrepreneur builds an adaptive one. Smith and Miner (1983) also found a high correlation between type of entrepreneur and type of firm.
- Filley, House and Kerr (1976) developed a similar typology "based on three different strategies for organizing and dealing with the environment. The types [are] craft, promotion and administrative organizations" (p. 518). They identified different characteristics associated with each type, but make it clear that "there is no ncessary order in which the types must appear" (p. 524). Filley and Aldag (1980) confirmed these three types in a factor analytic study of 85 executives of small and medium businesses.

- Miller and Friesen (1980) analysed 135 transition periods in 36 firms and, through factor analysis, were able to identify nine statistically significant groupings which they labelled "archetypes of transition". They argue that these transitions represent the most common organization changes, although they do not attempt to specify any necessary order in which they are likely to occur.

These examples of state theories represent some rather different views on the forces underlying organization structure and strategy. They do not argue for any deterministic sequence of structures but they do provide a basis for trying to understand organizations and how they may change. The relevant questions for this thesis are: What changes of state occur when a company goes public for the first time? How can they be understood? and, How can the change process be facilitated by intervention? In fact, it is the stage theories that provide the most useful frameworks for answering these questions, and it is there that we now turn.

Stage Theories

The facts that all organizations are "born" and that most successful ones grow over time provides a powerful impetus for using a biological analogy. Most stage theories implicitly use this analogy when they label their stages as birth, growth, maturity, and decline; some are explicit about it (Adizes, 1979, 1988).

Some stage theories are modelled on theories of personality development (Lippitt and Schmidt, 1967; Torbert, 1974/75). Torbert, for example, applies Erikson's model of nine stages of individual development to the development of organizations. He then proceeds to map his model onto the life cycle models of two other authors to demonstrate that "the sequence of categories in the three schemes appears mutually consistent" (p. 13).

One of the most widely known early life cycle models is the marketing product life cycle, originated by Theodore Levitt (1965). The four stages of a product life cycle -

development, growth, maturity, and decline - are similar to a great many of the organization life cycle models not only in the identification of the stages but also in many of the attributes that characterize each stage.

Another type of stage theory is based on the development of organizational process and structures. Katz and Kahn (1978) present a three stage model that begins with a primitive system built on member cooperation. This primitive system evolves to a stable organization built on coordination and control, and eventually culminates in an elaboration of structure stage that is built on adaptive mechanisms to deal with the external environment. Whyte (1969), building on his 1948 study of the restaurant industry, posits five stages, each of which is a distinct systemic arrangement with a different organization structure, different relationships among staff, and a different role for the owner manager.

Another approach to stage theories is the cultural perspective presented by Dyer (1986). His four stage model of the growth and development of family firms is built around a "cultural configuration" based on business management style, organizational requirements, and family patterns. Successful development in this model is based on planning for and managing each new cultural change.

Several authors have reviewed and summarized these life cycle models before proposing their own versions. Kazanjian cites 18 different models but focuses only on new high technology ventures, developing his model based on two case studies and the work of Galbraith (1982). Hugron (1983) summarizes 16 authors before adopting a five stage model (start, growth, status quo, decline, and death). Scott and Bruce (1987) also adopt a five stage model, based largely on the models of Churchill and Lewis (1983) and Greiner (1972). He identifies 11 dimensions that are expected to change in each stage. Miller and Friesen (1984) use a typology of five stages (birth, growth, maturity, revival, and decline) after their review of the life cycle literature. Their subsequent analysis of 161 different periods in 36 case histories confirmed that "firms differed significantly from one phase of history to another. Each phase seems to suggest its own scenario of internally consistent variables" (p. 1182). Vozikis (1979) uses Cooper's (1978) three stage model (startup, early growth, later growth) as a framework for ordering the characteristics for each stage according to the frequency of their citation by seven other theorists. He is thus able to rank order the general management, operations, marketing, and financial characteristics for each stage. Finally, Quinn and Cameron (1983) reviewed nine life cycle models, and Cameron and Whetton (1983) reviewed 10 models, in both cases developing the same four stage model (entrepreneurial stage, collectivity stage, formalization and control stage, and elaboration of structure stage).

There is clearly a wide variety of life cycle models proposing one stage theory or another, yet there are strong similarities among them. The common strain is the biological analogy - that organizations are born, they grow, change, and develop, and, eventually, they either decline and die or get reborn/revitalized. The number of stages, how they are labelled, and when they begin or end varies from model to model. Many of these differences arise because the models themselves are not explicitly grounded in empirical investigations. Most have been developed from the authors' own experiences or through reflection on and analysis of other models. A review of some of the empirical studies that use or support these models is, therefore, in order.

Fiorito and Greenwood (1986) used cluster analysis on data from 38 retailers to identify four retailing life cycle stages. These stages - innovation, accelerated development, maturity, and decline or later growth - could equally well have been labelled startup, growth, maturity, and decline or revival. They found that seven of nine variables were significantly different between these stages.

Vozikis (1979, 1980) rated 117 firms for both the problems they experienced and their stage of development (startup, early growth, and later growth). He found that different problems occur in different stages. A followup study (Vozikis and Mescon, 1985) looked at 32 exporters to assess the relationship between their exporting problems and their life cycle stage. They were able to "confirm the fact that there seemed to be different sets of overall and exporting problems at different stages" (p. 60). Another study (Robinson, Pearce, Vozikis and Mescon, 1984) further supported this three stage model. This study looked at 51 firms that did some strategic planning in order to show that planning is effective in all three stages of development, but that the strategic issues of concern differ in each stage.

Churchill and Lewis (1983) built their five stage model (existence, survival, success, takeoff, and resource maturity) from the prior work of Greiner (1972) and Steinmetz (1969) as well as data from 83 of 110 small company management program participants. They used this data to identify the management skills for each stage and to show how these skills change from one stage to the next. A subsequent study by Churchill (1983) expanded this model to incorporate three entrepreneurial stages that precede the existence stage of their initial model.

Miller and Friesen (1984), as noted earlier in this section, were able to successfully classify 161 periods of history for 36 companies into five life cycle stages (birth, growth, maturity, revival, and decline). They found significant differences in over 70% of the 54 variables they measured: All 13 decision making variables were significant; 10 of 12 structural variables were significant; eight of 10 situational variables were significant; and seven of 19 strategy variables were significant.

The above analysis demonstrates the dearth of empirical work to support many of the stage theories. At the same time, the work that has been done supports the basic notion that there are distinctly different stages of organizational existence. Both of these points are relevant to this study. In the first instance, any empirical work in support of these theories represents an important contribution to this field of knowledge. This study can make such a contribution. Secondly, the widespread agreement on the existence of distinct stages of development provides the underlying framework for the argument of this thesis that the IPO is a predictable life cycle transition that can be studied, understood, and facilitated using the needs assessment and intervention tools of educational technology.

An important concern in studying life cycle transitions is the nature of the organization change process. When do changes occur relative to identifiable transitions; during the actual transitions, or during the relatively stable periods between transitions? What is the role of crises in triggering these transitions and initiating the change process? Finally, what place is there for interventions to facilitate a smooth and successful transition? These questions point to the importance of considering what life cycle theorists have to say about the organization change process.

The Life Cycle and Organization Change

There is widespread agreement that an organization's problems change as the organization grows and develops. The organization structure and strategy, and the attitude, knowledge, and skills of its managers must change accordingly. Kroeger (1974) recognized that "each stage of the life cycle requires a managerial role that is unique in its skill requirements. These skills must *be developed by the manager if the firm is to prosper*" (p. 46). "A manager who is effective in one developmental stage may prove to be quite ineffective in another stage" (Lippitt and Schmidt, 1967, p. 112). "Indeed, one of the major challenges in a small company is the fact that both the problems faced and skills necessary to deal with them change as the company grows" (Churchill and Lewis, 1983, p. 48).

The required changes appear to be systemic. "The company cannot merely add people, money, equipment, and space to cope with its growth; it must undergo a transition or metamorphosis and become a somewhat different type of organization" (Flamholtz, 1986, p. 37). "[The characteristics of each stage of development] are mutually consistent with one another and reinforce one another, creating a qualitatively different structure or gestalt...persons come to think, feel, and behave in qualitatively different ways" (Torbert, 1974/75, p. 20). Miller and Mintzberg (1983) also argue that organizations are best described as holistic configurations, gestalts, or archetypes so that organization change, when it occurs, will involve many organizational attributes simultaneously. Finally, Whyte (1969), describing this same phenomenon, provides a social systems perspective when he points out that "increasing size leads to changes in organization structure, and...size and structure together affect the social system of activities, interactions, and sentiments" (p. 577).

One approach to understanding how these changes occur is provided by Starbuck (1965). He identifies metamorphosis models in which organization "growth is not a smooth, continuous process, but is marked by abrupt and discrete changes in the conditions for organizational persistence and in the structures appropriate to these conditions" (p. 486). Research studies by Miller and Friesen (1980, 1982) support this notion that organization change is abrupt and metamorphic rather than piecemeal and incrementally adaptive. Mintzberg and Waters (1982), in a case study of the strategic history of the Steinberg's organization, also found periods of stability that were disrupted periodically by a crisis that forced substantial organization change. Starbuck (1971) again supports this notion when he states that "the historical development within a single stage is cast as a relatively smooth and continuous process, but the overall development pattern is marked by sharp and discrete transitions from one stage to the next" (p. 275).

The notion of organization change as a revolutionary process suggests that there might be some crises, or trigerring events, to spark such a revolution. In fact, many of the life cycle models are crisis driven:

> As a business organization goes through the stages of birth, youth, and maturity, it faces a predictable series of organizational crises. The skill with which executives recognize these crises and deal with them...has no small impact on the company's ability to grow further. The crises also have important implications for executive development, including the kinds of skills and knowledge they need to use. (Lippitt and Schmidt, 1967, p. 102).

Greiner's (1972) model presents five stages of growth, each of which starts and ends with a crisis. In his words, "the critical task for management in each revolutionary period is to find a new set of organization practices that will become the basis for managing the next period of evolutionary growth" (p. 40). Another widely quoted model (Steinmetz, 1969) argues that each stage sows the seeds of its own destruction, eventually culminating in a crisis with "problems [that] are serious enough in their own way to merit separate attention" (p. 33). Buchele (1967) and Robidoux (1980) both present a life cycle model with seven key crises to resolve as a firm grows and develops: "These crises are often the turning points at which firms either plunge into the pit of failure or fall into the rut of semi-failure" (Buchele, 1967, p. 9). Scott and Bruce (1987) present a five stage model that is also crisis driven, while Toulouse's four stage model (1980) identifies the crises that are typical of each stage.

Not all agree that life cycle changes are abrupt and revolutionary. Galbraith (1985), for example, claims that "many of the organizing issues can be anticipated and responses planned" (1985, p. 9). Anderson and Dunkelberg (1987) also claim that "the stages of growth are evolutionary rather than revolutionary" (p. 21). Even in times of apparent stability, important organizational changes may be taking place. There are many who argue that, in fact, the value of understanding organization life cycles is to be able to anticipate and plan for the necessary changes so that transitions can be smooth, without the disruptions of a "revolution" (Dyer, 1986; Lippitt and Schmidt, 1967; Scott and Bruce, 1987; Reiner, 1972; Robidoux, 1980; Buchele, 1967; Steinmetz, 1969). This thesis is built on this argument. An indepth understanding of the IPO event as a life cycle transition is central to making this transition successful. It will arm the educational technologist to plan interventions that will promote planned organization change.

The IPO Event

Most writers have treated the IPO as almost entirely a change in the financial structure of a company and a change in its regulatory environment: The company gains access to a new source of equity and this, in turn, increases its borrowing capacity and opens new doors for acquisition and mergers. Extensive legal and securities exchange requirements need to be met in order to become and to remain a publicly traded company.

The references uncovered in the literature review presented herein focused mainly on these financial and procedural aspects Many of the references classified as research[1] also had this focus. Topics covered by this group of research references include comparisons of the results of different underwriting methods (Johnson and Miller, 1985) and an analysis of their costs (Sutton and Post, 1986), as well as studies of how owner/managers may be able to influence the initial offering price (Kantor, 1985, 1986). Johnson's (1984) doctoral dissertation provides a more complete analysis of the financial factors that may affect the offering price. (These factors included the company's capital structure before and after the IPO, its short term credit policies, its dividend policies, and whether or not the founders were keeping control.)

Very little attention is paid to the human performance dimension in successfully making this transition to a public company. This is somewhat surprising since the success of new public companies, at least as measured by the price of their stock, is not, on average, very great. Farrow (1982) reports that "of 448 companies that went public [in the U.S.] in 1981, 59% were trading at or below their offering price by December 31st" (p. 32). Russell (1985) notes that 52% of the IPO's in 1984 were trading below their initial price at year-end; shares sold initially for between $5.00 and $9.99 declined an average of 29% and shares above $10.00 lost an average of 3%. Stearn and Bornstein (1986) used Forbes' Proprietary New Issue Database, covering 3300 IPO's from 1975 to 1985, to discover that "only four in ten of the issues that came out since 1975 were selling above their offering price at the end of 1985 and fewer than three in ten outperformed the S&P's [Standard and Poor's] 500" (p. 30). Jog and Riding (1990) showed that an investment in an equally weighted portfolio of IPO's on the Toronto Stock Exchange from 1983 to 1986 increased by less that 5% after 36 months,

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[1] The term research is used in this section to mean that at least a recognizable methodology was used and data were collected, analyzed, and reported.

and a similar investment in QSSP IPO's in Québec had declined almost 20% in value over the same period. It certainly seems clear that there is more to successfully becoming a public company than collecting the new equity invested and meeting the legal and security exchange requirements!

The ability of the people in the company to manage under these new conditions is unquestionably an important ingredient in their eventual success. Only one research study was found that was directly concerned with the management changes of new public companies (Persiko, 1986). Trostel and Nichols' (1982) study, which compared matched pairs of public and private companies, also had some direct relevance to the behavioural and human performance transition in the IPO process. The other research studies that were useful looked at CEO's perceptions and attitudes after the event (Coallier, 1988; Desroches and Jog, 1989; Moskal, 1983; Stevens, 1985; Young, 1986); these provided some indications of where CEO's retrospectively perceived that they and their organizations had changed. Articles and books that focused predominantly on procedural or financial aspects of IPO's often listed and discussed the pros and cons of becoming public. These served as a source of suggestions as to where managerial and organizational performances may need to change. All these sources of information were brought together in order to determine the transition issues that new public companies might face.

A Preliminary IPO Model (PIM)

There are three undeniable facts about going public that all IPO's face. First, they have a new source of funds from the equity raised. Second, they are now publicly accountable for their actions and have to comply with the securities regulations designed to protect their public shareholders. Third, there is now a definite separation of ownership from management, at least to some extent. In its simplest terms, the new public company has more money from a new group of outside shareholders, and in exchange for this equity it must conform to the laws protecting these outside shareholders. These three facts about the

IPO may have important impacts on a wide range of management behaviour and performance. The possible impacts of each is presented in the following sections.

Separation of Ownership from Management

The separation of ownership from management means that ownership can be valued and traded readily and that owner managers may have to adjust their role or their management style in order to become more professional (Moskal, 1983). Levy (1978) points out that the CEO's life gets more complex. One important new function is presenting the company to shareholders and the investment community (Private to Public, 1984; Steck, 1986). Desroches and Jog (1990) found that 59% of the CEO's of Québec IPO's identified that most changes that resulted from the IPO were in their managerial functions. Peat Marwick (1985) identifies new management requirements emerging and Byford, Staveley and McGrath (1985) point out that new management personnel may be required because of these expanded management activities. Persiko (1986) studied this in the greatest depth and found that not only did the CEO become more public, he also became more disciplined and more conservative, and he spent less time on internal operations, which, in turn, pushed him to delegate more. Salomon (1977), writing about his own experiences in taking his company public, reported his sense of responsibility to shareholders as an important new dimension in his management thinking and decision making. O'Flaherty (1984) summed it up well in stating that "probably the most disagreeable aspect of being a public company is the number of first experiences that must be handled by an already overworked management" (p. 189).

There may be a need to clean up the company's records to ensure that the original shareholders or their families do not have special privileges, benefits, or agreements. Finan and Nash (1984) identify five areas where this corporate housekeeping may be required: The company's capital structure, stock records, bylaws, management involvements, and employment contracts. Several others note that the owner/manager's remuneration may need to be changed (Byford et al., 1985; Ernst and Whinney, 1985; Jacobs, 1986; Kay, 1984; Peat

Marwick, 1985; Scott, 1983). Trostel and Nichols (1982) found that private companies have accounting policies that are more oriented to tax minimization than their public counterparts; presumably, new public companies adjust these accounting policies.

The impact of valuation and trading of shares is potentially multi-faceted:

- There are new possibilities for growth through acquisition or merger by using shares as part of the purchase price (Barden, Copeland, Hermanson and Wat, 1984; Coallier, 1988; Ernst and Whinney, 1985; Havelock, 1982; Levy, 1978; McQuillan, 1971; Montréal Stock Exchange, 1985; Peat Marwick, 1985; Prychoda, 1988; Salomon, 1979; Scott, 1983; Steck, 1986). Coallier (1988) found that "funding external growth via acquisition" was the top motive for going public in his sample of 84 CEO's of Québec IPO's between 1979 and 1988. Hostile takeover bids are also possible, but this was not listed as a concern. Several did, however, note the loss of control that results from selling shares to new, outside shareholders (Bardon et al., 1984; Ernst and Whinney, 1985; McQuillan, 1971; Peat Marwick, 1985; Steck, 1986). Coallier (1988) found that 15% of the CEO's in his sample lost their majority control after the IPO.
- Movements in stock price may influence company behaviour. Salomon (1977) found that the "price of the stock became a chief management concern" (p. 128) and he had to institute a no stock-talk rule in the company to control this distraction. A more frequently reported influence of the stock price on company behaviour is management's increasingly short term orientation in response to shareholder pressure for improved results each quarter (Barden et al., 1984; Ernst and Whinney, 1985; Kay, 1984; Ruth and Hubbell, 1984; Scott, 1983). Jacobs (1986) claims it is more difficult to take risks because of these pressures for short term profit, and Salomon (1977) said that, in his own IPO

experience, it inhibited his launching new startups if they would generate initial losses. McQuillan (1971) has a different perspective; he suggests that company management might 'play the market', delaying or advancing decisions depending on the stock price. One owner summarized this situation rather well:

Mitchell Robinson, President of Cache, a women's apparel chain that went public approximately two and a half years ago, admits that, "as a private company, I used to think about what I wanted to do in a year, in five years, and as an ultimate goal. As a public company I think exactly the same thing - but I do worry more about the individual fiscal quarters, because the investment community, particularly security analysts, place a lot of importance on those results. Sometimes this creates a lot of pressure, but I try not to let this affect me" (Private to Public, 1984, p. 24). Moskal (1983) reported that most of the CEO's of the 60 IPO's he studied claimed, like Mr. Robinson, to be successful at avoiding these quarterly pressures; they do, however, implicitly admit that this is a new pressure with which they have had to learn to manage.

- Shares and stock option plans can be used as a reward to existing staff, as an inducement for staff loyalty, or as an enticement for recruiting new executives. This was mentioned as a positive aspect in quite a few references (Byford et al., 1985; Ernst and Whinney, 1985; Havelock, 1982; Montréal Stock Exchange, 1985; Peat Marwick, 1985; Private to Public, 1984; Prychoda, 1988; Steck, 1986). Moskal (1983) found that all 60 of the CEO's in his sample reported that stock option plans made recruiting easier, and Desroches and Jog (1989) found that 60% of the CEO's in their sample identified an important post-IPO change was that employees felt more a part of the company.

Salomon (1977), in contrast to all the others, reported a dysfunctional consequence of these stock option plans; in his experience they fostered rivalry and competition among his executives.

- New public relations activities may be undertaken to comply with disclosure restrictions or to encourage active trading of the shares. "Management styles often change radically [after an IPO]. Rather than oversee operation details, the chief executive of a public company spends a lot of time on PR, keeping brokers, analysts, and investment bankers - as well as shareholders - up to date about performance" (Jacobs, 1986, p. 310). Ruth and Hubbell (1984) say that "creating a communication strategy should be an integral part of a company's planning process for going public...the company should designate a financial contact and spokesman for liaison with the financial community and the financial media" (pp. 33, 35). Despite this advice, Moskal (1983) found that CEO's had a problem knowing how to communicate with the public; Desroches and Jog (1989) reported that 91.2% of their reporting CEO's said that they experienced the most changes in the area of external communications; and Coallier (1988) found that 90% and 80% of the CEO's in his sample said involvement in public relations and investor relations, respectively, were more important than they had expected. Stevens' (1985) survey of 1,000 CEO's whose companies had gone public in the previous five years found that 44% hired PR firms soon after becoming public. Seventy percent believe a financial communications program can have a 'significant' impact on stock price. Persiko (1986) and others (Ernst and Whinney, 1985; Finnan and Nash, 1984) also point out that PR and investor relations become important new company (and CEO) functions to learn during the IPO transition.

- Customers and suppliers may become shareholders, perhaps increasing their loyalty. Levy (1978) notes that new public shareholders can become a source of customers, at least for consumer goods companies.
- Personal financial planning of owner/managers can be facilitated. The owners' shares now have an established market value and some of them can be sold; the owner/manager can 'cash in' some of his/her shares (Barden et al., 1984; Montréal Stock Exchange, 1985; Peat Marwick, 1985; Private to Public, 1984; Scott, 1983; Steck, 1986). Owners can then use this liquidity to diversify their personal investment portfolios (Ernst and Whinney, 1985; Salomon, 1977). Barden et al. (1984) further note that the owners' shares of their now public company are more acceptable as collateral against personal loans, thus increasing their personal borrowing power. Finally, the valuation and trading of company shares makes estate planning and management succession easier (Ernst and Whinney, 1985; Montréal Stock Exchange, 1985; Private to Public, 1984; Prychoda, 1982; Salomon, 1977).

Public Accountability and Disclosure of Information

The fact of public accountability and disclosure of information suggests that IPO firms may have to take on new auditing functions and may have to adjust information systems within the company to generate the required reports. The rules about fair disclosure of information to all shareholders require new policies and practices regarding sharing of information with friends, associates, investors, analysts, or journalists (Byford et al., 1985; Ernst and Whinney, 1985; Finan and Nash, 1984; Steck, 1986; Trostel and Nichols, 1982).

The Board of Directors may have to be restructured to satisfy the requirement for outsider representation (Peat Marwick, 1985). Byford et al. (1985) note that decision making and reporting may change and the Board will become both more active and more formal. Levy (1978), presenting the same phenomenon from a different perspective, points out that in private companies there is no fear of a rebellious Board. Finally, Moskal (1983) found that CEO's had to make organizational adjustments as a result of new, external Board members. Furthermore, the annual report may represent the first time that the organization writes down any formal plans (Ernst and Whinney, 1985; Mintzberg and Waters, 1982).

Decision making may change as a company learns to behave with the increased legal requirements of a public company. The process becomes more formal and more is written down (Ernst and Whinney, 1985; Persiko, 1986). The pressure for short term results has already been noted. Trostel and Nichols (1982) also found that private companies include product appearance and other subjective factors more frequently as decision criteria. Some consider that decision making in the new public company is less free and independent because of the many new business 'partners' who can influence company decisions (Levy, 1978; Jacobs, 1986; Montréal Stock Exchange, 1985; Steck, 1986).

Finally, the public disclosure of information about the company's plans and performance means that "analysts, investors, and competitors gain entrance to your house" (Salomon, 1977, p. 128). This may alter management's strategic perspective (Jacobs, 1986; Scott, 1983, Steck, 1986). On the other hand, this same information is available to customers and suppliers, and the fact that the company is now public may enhance its credibility. There is some prestige and an increased public profile in being a publicly traded company. There is also a new source of free company promotion in daily stock exchange reports, stock analysts' periodic reports, and the occasional newspaper or magazine article (Barden et al., 1984; Ernst and Whinney, 1985; McQuillan, 1971; Montréal Stock Exchange, 1985; Peat Marwick, 1985; Prychoda, 1988; Scott, 1983; Steck, 1986).

New Sources of Funds

The new sources of funds that come with the sale of shares are among the most important and evident consequences of the IPO process. The company acquires not only the funds that investors and underwriters put forth in exchange for company shares, but it also acquires increased borrowing capacity as a result of the improvement in its debt-to-equity ratio. Some also point out that supplier credit improves (Prychoda, 1988) and banks offer better interest rates (Havelock, 1982). McQuillan (1971) notes, however, a possible *adverse* effect on credit capacity and terms when the share price drops. Coallier (1988) discovered that some companies used their IPO proceeds to *reduce* their debt. (In fact, CEO's in this study whose companies' shares had gone up in price since the IPO rated that this use of IPO proceeds was more important than did CEO's whose shares had gone down in price.) A publicly traded company can use shares in place of cash for some acquisition purposes and it can also return to the public market for subsequent offerings. There is the further possibility, usually for the first time, of attracting institutional investors to the company (McQuillan, 1971). There are, however, new expenses as a public company (e.g., annual reports, securities exchange reports, printing costs, and PR and investor relations) and some Canadian corporations lose the preferential tax treatment they received as Canadian private corporations (Byford et al., 1985; Peat Marwick, 1985). Many sources address some or all of these financial impacts of the IPO event; Table 2: Financing Impacts of IPO's identifies each source and the impacts it mentions.

Thus, financing strategies and decision making change in response to these new alternatives. The ways in which these financing options are used can support internal growth or acquisition to maintain or enhance the company's growth pattern. In addition, the increased financing may mean that spending can be less tightly controlled and patterns of asset utilization may change. Trostel (1980) found that private companies have higher current asset and total asset turnovers, implying that they use their short term assets more efficiently than their public company counterparts. He also found that private companies had a higher ratio of hourly employees per dollar of sales, implying tighter management of variable expenses. Public companies, by contrast, have more 'organizational slack'. This organizational slack may allow for more experimentation in delegating responsibility or creating new staff functions, thus leading to changes in the organization structure.

Table 2

Financing Impacts of IPO

Reference Source	New capital	Increased debt capacity	Use of shares for acquisition	Future capital	New expenses
Barden et al (1984)	X	X			X
Byford et al (1985)			X		X
Coallier (1988)	X				
Ernst & Whinney (1985)	X		X	X	X
Havelock (1982)		X	X		
Kay (1984)		X			X
Levy (1978)			X		
McQuillan (1971)	X	X	X		X
Montréal Stock Exchange (1985)		X	X	X	
Peat Marwick (1985)	X				X
Persiko (1986)	X	X			
Private to Public (1984)	X	X		X	X
Prychoda (1986)	X	X	X	X	
Salomon (1977)			X		
Scott (1983)	X	X	X		X
Stone (1986)	X	X	X		X

This review of the relevant IPO literature suggests that the IPO event may have an impact on many aspects of the organization's behaviour, ultimately resulting in the following five types of changes within the organization:

1. Changes in the *organization structure* as a result of new roles and functions for management and executives, the increased organizational slack, and the ongoing pressures of a growing organization.

2. Changes in *decision making* as a result of disclosure requirements, the

influence of the stock price, the restructuring the Board of Directors, formal public statements of plans through annual reports, and the new information systems that may provide new opportunities for reporting or control systems.

3. *Management style* may change as owner/managers become CEO's and executives of a larger organization with new functions (notably PR and investor relations), more formal decision making, and a more elaborated organization structure.

4. There may be *increased growth potential* both internally and in the marketplace. Internal (organizational) changes might result from the introduction of employee stock option plans as a reward for existing staff and as an inducement for recruiting new executive staff, from the reactions of employee-shareholders to increases or decreases in the price of the stock, and from the changes in management style and the organization's structure. Increased growth potential in the marketplace can result from the new funds available as well as from the enhanced credibility of the company in negotiating with suppliers and customers, especially if they are also shareholders.

5. *Strategic thinking* may change as a result of the need to write down and publish future plans, the availability of information to competitors, the ongoing growth of the company in both new and established markets and, eventually, the possibilities for mergers or hostile acquisition attempts.

The Preliminary IPO Model (PIM) shown in Figure 2: Preliminary IPO Model (PIM) summarizes the impact of these 'three facts' about the IPO process and how they may lead to these five types of changes.

Figure 2

<u>Preliminary IPO Model (PIM)</u>

The facts about going public	The possible impact on the organization	The resulting changes
1. Separation of ownership from management	→ clean up books, records, agreements	
	→ partners become managers (new role definition)	→ change in mgt. style → change in org. structure
	→ ownership can be valued and traded	
	→ staff reward - loyalty of existing staff	→ growth potential (org.)
	- recruiting of new (executive) staff	→ growth potential (org.)
	→ influence of stock prices on behaviour	
	- disruption of work	→ growth potential (org)
	- short-term perspective	→ changed decision making
	→ customers & suppliers as shareholders (increased loyalty)	→ growth potential (org)
	→ new p.r functions	→ change in org. structure
	- disclosure restrictions	
	- to encourage trading	→ change in org. structure
	→ acquisition possibilities (using shares vs cash)	→ growth potential (mkt.)
	→ takeover possibilities (hostile, merger, sell out)	→ new dimension to strategic thinking
2 Public accountability and disclosure of info (regulatory requirements)	→ new auditing functions, new auditors	→ changed decision making
	→ new info. systems → new reporting or control possibilities	→ changed decision making
	→ restructuring of Board of Directors	→ changed decision making
	→ legal constraints on decisions (e g. disclosure)	→ changed decision making
	→ formal written plans (e g annual report)	→ changed decision making → changed mgt style → new dimension to strategic thinking
	→ info available to competitors	→ new dimension to strategic thinking
	→ info. available to suppliers, customers	→ growth potential (mkt.)
3 New sources of funds (new equity plus new borrowing possibilities)	→ funds for internal expansion	→ growth potential (mkt)
	→ acquisition possibilities (cash or shares)	→ growth potential (mkt.)
	→ changed asset utilization, increased organization slack, possibilities for decentralization, delegation, new staff functions	→ changed org structure → growth potential (org)

CEO Evaluations

Four research studies measured the CEO's overall evaluation of their IPO experience. Young (1986) found no significant differences in CEO's before and after perceptions of the complexity of the IPO process. Howard (1974) surveyed 494 CEO's and found that 40% *would not* do it again. Stevens (1985), however, found that 93% of the 1000 CEO's he surveyed *would* do it again. Their respective survey methods may account for these divergent results, but it is more likely due to a difference in investors' attitudes about IPO's between 1974 and 1985. Ritter, Ibbotson and Sindelar (1988) claimed that the IPO market was not really there in the 1960's and 1970's but that it has been on a non-stop growth trend in the 1980's. Desroches and Jog (1989) support Stevens' findings. They found that all the changes experienced by the CEO's they interviewed were judged to be positive. The most positive changes were in restructuring the organization (94.1% of respondents), communications in general (89.2%), and labour relations (89.1%). The least positive changes were in decision making (58.5%) and in the CEO's themselves (65.6%).

The IPO experience, and in particular, Québec's QSSP experience, is generally seen as positive by company CEO's. This seems to be in spite of the general lacklustre price performance of IPO's in the after market (Information on this after market performance was presented at the beginning of this section). There seems little doubt, then, that the success of a company's IPO experience cannot be measured simply by its stock performance. Other, non-financial changes must compensate for this frequently weak stock price performance.

The IPO Window

The contention of Ritter et al. (1988) that the IPO market has only come into its own in the 1980's is supported by the growth in both the number of IPO's and the amount of money they raised; several years have been record breaking during the 1980's (Farrel, 1982; Fineberg, 1987; Ioannou, 1983; Russell, 1985). Increased volume does not seem to mean increased stability or predictability, however. Nineteen eighty one set a new record with 130% more money raised than in 1980, but 1982 appeared "to be chilly indeed" (Farrel, 1982). Then, in 1983, Ioannou reported that "Wall Street's appetite for new issues is back with a vengeance" (p. 36). There was another decrease in 1984 and 1985, but Fineberg (1987) reported that "the strong bull market of 1986 sent the Dow Jones Industrial Average up 22.6% and drew a record 717 initial public offerings, which raised a record 22.4 billion dollars, far surpassing the previous record of 12.5 billion dollars set in 1983...there's a good chance, many observers feel, that 1987 could set new records for the number of issues and the amount they raise" (pp. 47, 48). The Inc. 100, an annual ranking of the 100 fastest growing publicly held smaller companies in the U.S., reported in their 1987 review that almost half of these companies had gone public during the boom IPO years 1983 and 1986 (The Inc. 100, 1987).

The IPO market is volatile not only from year to year but also from one industrial sector to another. The 1982 to 1985 period showed the following variations by sector (Jacobs, 1986):

- The mining and construction sector accounted for 32.6% of the dollar amount of all IPO's in 1981, but only 1.6% of the dollar amount of all IPO's in 1985;
- The high tech manufacturing sector hit a high of 27.9% (of the dollar amount of all IPO's) in 1983 and a low of 4.3% in 1985;
- The wholesale and retail trade sector accounted for 11.6% in 1983 but only half that porportion, 5.2%,in 1985;
- The finance, insurance, and real estate sector accounted for a whopping 63.4% of all the IPO dollars in 1985, as compared to its relatively paltry performance of 10.4% in 1981.

The statistics reported by different sources show some rather marked variations (see Table 3: The IPO Market, 1972 to 1985). Nevertheless, all sources confirm the volatility of the IPO market. Some sectors of industrial activity and some periods of time are clearly more propitious than others for going public. When this so-called IPO window opens, "you'll see a wider and wider variety of companies going public - from fast foods to high tech" (E. Geduld, quoted in Ioannou, 1983, p. 36). On the other hand, when the window closes, "underwriters and entrepreneurs are finding that pricing IPO's is a more excruciating exercise than ever" (Fineberg, 1984, p. 39). Fineberg goes on to report that as many as 40% of 360 companies in registration decided to postpone their offerings until market conditions improved. Paul

Table 3

The IPO Market, 1972-1985

Year:	1972	1973	1974	1975	1976	1977	1978	1979	1980			1981			1982		1983		1984		1985	
Source*.	Ven. A	Ven. A	Ven A	Ven. A	Ven A	Ven. A	Ven A	Ven A	Ven A	Ven B	WSJ	Ven A	Ven. B	WSJ	Ven. B	WSJ	Ven. B	WSJ	Ven. B	WSJ	Ven. B	WSJ
No. of IPO's	568	100	15	15	34	40	45	81	237	291	230	448	461	466	203	281	835	712	497	631	560 (est)	566
Amt. Raised ($ billion)	2.7	.33	.05	.27	.23	.15	.25	.51	40	1 56	.74	??	3.32	2 05	1.38	1.06	10.69	3 59	3 58	2.75	4.9 (est)	3.58

Venture A = Farrell (1982, April). Published in Venture based on data from the IPO Reporter (Philadelphia, Howard and Company).

Venture B = Russell (1985, April). Published in Venture based on data from New Issues (Fort Lauderdale, Florida).

Wall Street Journal = Jacobs (1986, May 19) Published in The Wall Street Journal using data from Venture Economics Inc (1986) and Directorate of U.S. Securities and Exchange Commission (1986).

*The populations in Venture A and Venture B are not described except to note that savings and loan institutions are not included. The Wall Street Journal sources cover IPO's in all sectors, but only those with assets of less than $10 million

Stevens summed it up succinctly: "In a bad market the filter becomes tighter; only the best can go through" (quoted in Farrel, 1982, page 32).

The IPO may be, in fact, a significant organizational transition, and the important issues that accompany this transition may be both predictable and manageable. It is clear, however, that many factors other than a company's readiness or maturity determine whether or not the IPO will occur at all, and if it does occur, when it actually does take place.

Summary

The principle objective of this research was to develop and test a new method for carrying out a problem-seeking, organization-wide needs assessment. This is reflected in the first line of the title of this dissertation: "Needs Assessment for Predictable Organization Transitions". This method will provide a way to diagnose changes so that the organization can adapt more successfully.

Testing this method requires a suitable context; one in which there is a population of organizations facing similar transitions. The SMB population was chosen as this context because existing literature on organization life cycles provides a basis for expecting predictable transitions, and the IPO event provides a specific transition with a readily identified population.

These two elements, the research process and the research context, provide the essential elements for the conceptual model that frames this study. Each of these elements will be looked at in turn. They will then be recombined to form the conceptual model for this research.

The Research Process

The needs assessment literature was divided into three groups:

1. One group creates instruction without any formal use of needs assessment. (Task analysis, however, is carried out as a part of this instructional design process.) This can be considered as the first stage in the evolution of needs

assessment; it is to design instruction to learn the tasks in a job or a subject area.

2. The second group focuses on designing instruction to solve an identified performance problem. Their needs assessment describes the performance discrepancy, and this is their starting point. This group also recognizes that instruction is not the only solution to performance problems. This can be considered as the second stage in the evolution of needs assessment; it is to design instruction or other interventions to solve and identify performance problems.

3. The most recent stage in the evolution of needs assessment adds two new dimensions. First, needs assessment is seen as an activity that can be used to *identify* important performance problems, rather than simply analyzing already identified problems. Second, adopting the systems perspective leads to a focus on the larger system, or the organization, rather than simply looking at specific tasks, jobs, or subject areas. This approach does not negate the previous stages, it simply goes further.

The problem-seeking, organization-wide needs assessment of this study is part of this third group. It is built from the work of others in this group (Kaufman and English, 1979; Mayer, 1986; Rossett, 1982, 1987). One new dimension added to their work is the model building activity that preceded the active data gathering at the needs assessment site. This preliminary model, based on literature about the research context (in this case, the IPO), provides new guidance in the needs assessment search process. An additional benefit from this step is that this model is empirically tested at the same time that the needs assessment is undertaken. This in itself may represent a useful contribution to the literature about the research context (i.e., the IPO or any other predictable organization transition).

These three stages in the evolution of needs assessment are shown in Figure 3: The

Evolution of Needs Assessment.

Figure 3

The Evolution of Needs Assessment

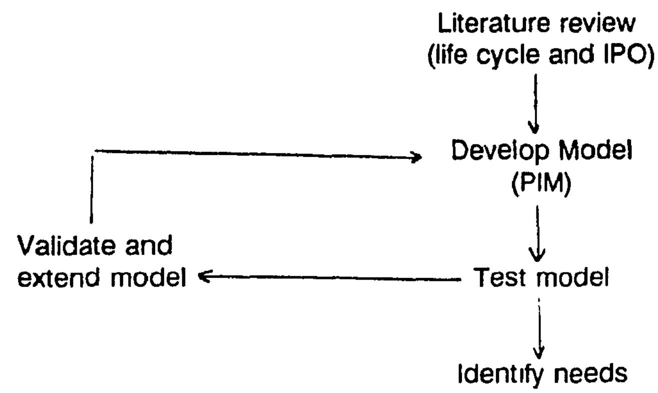
Stage 1	Stage 2	Stage 3
. Design instruction	. Solve performance problem . Instruction not the only solution	. Identify performance problem . Consider total system (organization)

The Research Context

The research context was the IPO event in the organization life cycle. One important reason for selecting this context was that there is literature on both life cycle theories and the IPO event. The life cycle literature provides the theoretical basis for expecting predictable transitions in all independent private companies that become public companies for the first time, while the IPO literature provides guidance in identifying the important issues organizations will face in making this transition. It was from this literature that the PIM was developed. This model provided important structure and guidance to the needs assessment activities undertaken. The research results *are* the learning needs of the new public company. These results were also used to both validate and improve the model. These activities are shown in Figure 4: The Research Context.

Figure 4

The Research Context

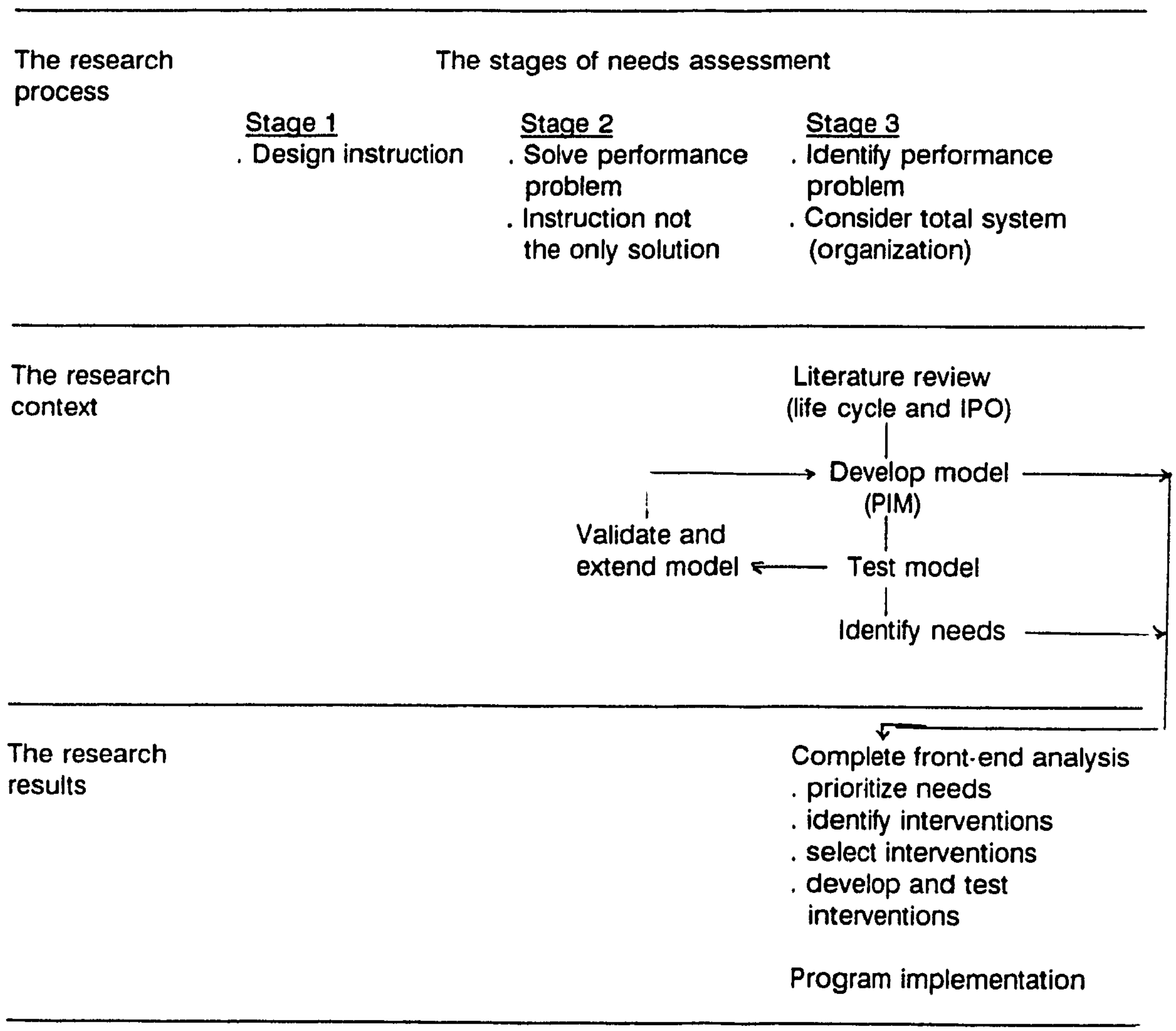


The Conceptual Framework

The relationship between the research process and the research context provides the conceptual framework for this study. The problem-seeking, organization-wide needs assessment method was developed from the needs assessment literature. It was then applied to the IPO event in the organization life cycle. The results show the issues that need to be addressed by new public companies. This needs identification provides the critical input into a more complete front end analysis that goes on to prioritize these needs, to identify and select appropriate interventions to address these needs, and then to develop and test these interventions prior to full scale implementation (Romiszowski, 1981). This conceptual model, showing the research process, the research context, and the application of the results is presented in Figure 5: The Conceptual Model. The activities of this study are best understood with reference to this framework.

Figure 5

The Conceptual Framework



CHAPTER III

METHOD

The nature and purposes of the research should guide the development of a research design and methodology, not the other way around. In the situation at hand, there is a weak literature base with minimum direct research evidence. The general questions of how to perform a needs assessment for SMB's (Small and Medium Sized Businesses) and, in turn, how to identify meaningful target audiences within this population are not well answered through current knowledge. The specific focus of this study, a needs assessment of SMB's that become public for the first time, has not been studied in any depth before. Research in these areas is, therefore, of an exploratory nature in the attempt to understand the nature of these organizational changes, to develop appropriate methods for performing this type of needs assessment, and to prescribe effective interventions for managing these changes.

Needs assessment models as espoused by Romiszowski (1981), Kaufman and English (1979), and Gilbert (1978) suggest the need for detailed data gathering at the level of organization goals and gaps in order to determine the behaviour changes (learning) required in the IPO transition. Other more traditional needs assessment models (Gagné and Briggs, 1979; Mager and Pipe,1970; Friesen, 1971) are not appropriate to understanding the IPO transition. The management and executive jobs are too complex and inter-related to be meaningfully analysed from a behaviourial objectives perspective.

The object under study is an organizational change process. The needs assessment seeks to identify the elements that make up the "desired performance" as a basis for comparing the actual performance of companies. This is the basis for a needs assessment. In order to determine this desired performance (i.e., what issues have to be addressed and how companies can handle them), multiple sources of information are used in this study to ensure reasonable reliability. The impact of becoming a public company will be felt in different ways by different persons in the organization. In addition to the CEO and VP of Finance, who would normally be expected to play major roles in these transitions, human resource managers, department or division managers, and outside advisors, particularly members of the Board of Directors, would all be potentially useful sources of information about the changes a company may be going through and how it is handling them. The use of these various sources of information provides for what Denzin (1970) refers to as data triangulation.

There are few objective measures to identify or track most of the anticipated changes. Company records can provide some of the facts of the company's history, growth, and performance, but decision processes, management style, changes in organization structure, strategic thinking, and growth potential require information from the "actors" in these processes if these changes are to be well understood. The use of different data collection methods in this study - interviews, non-participant observation, company archives, and published documents - provides for what Denzin (1970) terms methodological triangulation.

The use of more than one interviewer and more than one person for data coding provides a measure of investigator triangulation (Denzin, 1970). These various types of triangulation increase the confidence that can be placed in the results, although Jick (1984) correctly points out that it is not correct to assume that each of these data collecting instruments is equally good; some of the triangulated elements will be more sensitive than others to the phenomenon under study. Nonetheless convergence inspires confidence.

This need for triangulation to ensure reasonable reliability, together with the need for indirect approaches in such an exploratory investigation, suggest a small sample study. A qualitative, case study approach is arguably the most suitable approach to a research investigation of these issues.

Qualitative Methodologies

Morgan and Smircich (1980) categorize research approaches along a subjective-objective continuum in order to clarify the assumptions underlying different research approaches. They conclude that "qualitative research stands for an approach rather than a particular set of techniques, and its appropriateness - like that of quantitative research - is contingent on the nature of the phenomena to be studied" (p.499). Furthermore, "the label qualitative methods has no precise meaning in any of the social sciences. It is at best an umbrella term covering an array of interpretive techniques which seek to describe, decode, translate, and otherwise come to terms with the meanings, not the frequency, of certain more or less naturally occurring phenomena in the social world" (Van Maanen, 1984, p. 9). Bogdan and Biklen (1982), however, do identify five characteristics of qualitative research that map clearly onto this study:

1. The natural setting is the direct source of data.
2. Qualitative research is descriptive.
3. Qualitative research is concerned with process rather than simply with outcomes or products.
4. Qualitative research tends to analyse data inductively.
5. "Meaning" is of essential concern. Qualitative researchers are concerned with participant perspectives (pp. 27-30).

The specific research method for this study was developed principally from the work of three qualitative researchers:

1. The assumptions underlying the naturalistic paradigm presented by Lincoln and Guba (1985) and by Guba (1979) are relevant for this study. These assumptions include "the assumption of multiple reality" (p. 269), i.e., that the perspectives of different actors must all be considered in establishing "a pattern or 'web' of truth" (p. 270); the assumption that subject and object inevitably interact and this should be taken into account; and the assumption that "all phenomena are contextually determined" (p. 270). This naturalistic paradigm is intended to uncover meaning, develop understanding, focus on holistic, emergent patterns and methods, and remain open to all the factors that can influence outcomes. Furthermore, Guba suggests that "most

Naturalistic inquiries are best reported in a case-study format." (Guba, 1979, p.276). All of these aspects of this naturalistic approach make it a useful paradigm for developing the research methodology.

2. Glaser and Strauss (1967) developed an approach to systematically gather data for purposes of discovering or developing theory. The theory is "grounded" in real life data, with its complexities, and they argue that their approach can make useful contributions to sociological research. This study is exploratory and searches to establish a model of the IPO transition as a predictable organization change phenomenon. Glaser and Strauss' admonition to remain grounded in the data is an important principle in the design of the method for this study.

3. Mintzberg (1979b) has characterized his approach to researching patterns of behaviour in organizations as "direct research". This approach is inductive and is "grounded" in his data. It falls into the category of what Harrigan (1983) describes as a fine-grained, or qualitative, approach. (Harrigan (1983) categorizes research methods along a continuum of fine-grained to coarse-grained. Fine-grained research draws out important details that help in understanding the complexities of individual situations. They suffer from a lack of generalizability. Coarse-grained methodologies, on the other hand, use large amounts of data in order to apply statistical techniques that allow for generalizibility of results, but they suffer from a loss of detail for explaining processes.) Some of the themes Mintzberg identifies as part of his approach to "direct research" include that it is descriptive and inductive, yet systematic; it is measured in real organizational terms; and it uses anecdotal as well as more systematic data to develop theories about organization structure and behaviour.

The methodological requirements for the proposed study include intensive investigation of the organizational change process through direct contact with the situation The purpose is to enhance our understanding of an organizational change process in order to assess how it is managed and how it can be facilitated. The appropriate methodology will be fine-grained in order to understand a complex situation; it will be "direct" (descriptive, inductive, and systematic); it will be naturalistic (in its intent to uncover meanings and its focus on systemic patterns in the organization transition process); and it will be grounded (in its explicit reliance on verifiable data drawn primarily from the actors in the situation). A qualitative, case study methodology was chosen.

The Case Study Design

Case studies suit an exploratory study; they "become particularly useful where one needs to understand some particular problem or situation in great depth, and where one can identify cases rich in information" (Patton, 1980, p. 19) "In general, case studies are the preferred strategy when 'how' or 'why' questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context" (Yin, 1984, p. 13). A single case can provide a wealth of data.

Bogdan and Biklen (1982,p. 59) describe the design of case study research by analogy to a funnel:

> The general design of a case study is best represented by a funnel. The start of the study is the wide end: the researchers scout for possible places and people that might be the subject or the source of data, find a location they think they want to study, and then cast a net widely trying to judge the feasibility of the site or data source for their purposes. They look for clues on how they might proceed and what might be feasible to do. They begin to collect data, reviewing and exploring it, and making decisions about where to go with the study. They decide how to distribute their time, who to interview and what to explore in depth. They may throw aside old ideas and plans

and develop new ones. They continually modify the design and choose procedures as they learn more about the topic of study. In time, they make specific decisions on what aspects of the setting, subject, or data source they will study. Their work develops a focus. The data collection and research activities narrow to sites, subjects, materials, topics and themes. From broad exploratory beginnings they move to more directive data collection and analysis.

In this study preliminary investigation identified possible research sites, data sources, and many of the issues of concern. The Preliminary IPO Model (PIM) was developed to guide the data collection and analysis Thus, the initial work was effective in narrowing down the funnel to provide a focus for data collection and analysis.

Two case study companies were initially identified for investigation in this research. The first step was to be the identification of the transition issues faced by each company and how these issues were addressed. These individual case studies were then to provide the basis for the needs assessment (i.e., what are the transition issues and how are they handled), while the comparison of the two cases was designed to provide some prescriptive guidelines. The study was planned as a comparative case study of the situational analysis type (Bogdan and Biklen, 1982, pp. 62, 65).

Subjects

Sample companies were selected from a list of private independent businesses in Québec that went public for the first time between 1981 and 1984. The Québec Stock Savings Plan (QSSP) encouraged Québec companies to go public over these years, so there were more new public companies in Québec than in previous years. The "IPO window" was wide open. The time frame of 1981 to 1984 was selected in order to identify companies for whom the experience was still somewhat new, but not so new that they would be unable to discern its impact.

Two companies were sought in order to assess whether or not companies that are successful in their IPO identify and address these transition issues differently from companies that are less successful. The "more successful" IPO company was to be selected on the basis of its having achieved better than average growth in its share price and in the volume of shares traded. These indices show the interest of the investment community in the new public company and their evaluation of its continuing success as a company. The "less successful company" was to be selected for its below average performance on these same measures. In addition, selection of companies considered the age of the company, its size at the time of the IPO, the size of the offering, its industry, and the possibilities for entry as a researcher. It was hoped that the two companies selected would be reasonably matched in these areas so that meaningful comparisons would be possible.

Selection Procedure

The first step in the search for subjects was to identify the population of new public companies in Québec between 1981 and 1984. Various published listings were consulted ("Regime d'epargne-action", 1986, p. 67; Les titres REA, 1985; Levesque Beaubien, 1986). These documents were not readily reconciled into a single complete list until a publication of the Montréal Stock Exchange (MSE) was found (Martin, 1985). This list showed that there were three IPO's in 1981, none in 1982, eight in 1983, and 21 in 1984. Thus, 32 IPO's were considered in total (see Table 4: Sample Selection Spreadsheet).

The first selection criteria required the identification of companies that had recently gone public for the first time after having been private, closely held, owner/managed companies - this transition was the focus of this study. Not all IPO's fit these criteria. Some are spinoffs from larger companies (e.g., a management buyout of a division), some are launched with the IPO and have no prior history as a private company (e.g., mining exploration companies), some may have prior experience as a public company or be owned and controlled by an already public company, and some are special cases judged to be clearly non-typical (e.g., brokerage firms, financial institutions). Companies that were more than 75 miles from Montréal were also eliminated as infeasible.

Initial information on each of the 32 IPO's considered was compiled based on information published by the Investment Dealers Association of Canada (IDA, 1986), as well as each company's IPO prospectus and other information from the public dossiers of the MSE. Seventeen were eliminated in this process because they did not meet the selection criteria. A profile card was developed for each of the remaining 15 firms (see Figure 6: Sample Selection - Initial Company Profile Card).

Each of these 15 firms was contacted in order to arrange an initial meeting to assess the feasibility and mutual interest in pursuing this study. Two companies were not interested, one was a public company but was not listed and did not trade on any exchange, one had been started by a consortium of public companies and had executive offices in Mississauga, Ontario, and one was a management buyout of a division of a large corporation. Personal interviews were completed with the remaining eight firms. Four were either not interested or were not able to provide the time required. The remaining four were agreeable, however, it proved impossible to schedule a follow up meeting with one (ten telephone calls were made without results) and another was judged as atypical (the company used the IPO proceeds to buy into a different industry and the owners remained uninvolved in the new operations). The remaining two companies made up the study sample (see Table 5: Sample Selection Summary).

Figure 6

Initial Company Profile Card

Initial Co. Profile 6/86

Co. Name: ______ Inc. date: ______ IPO date: ______

Address: ______ Founding: ______ #shares ('000): ______

______ Tel: ______ price: ______

Description: ______ tot $ (mil): ______

Main underwriter:

Ownership:	Name	Position	% owned at IPO

Other underwriters:

Fin. Summary	'85	'84	'83	'82	'81	'80	'79	'78
Sales ($mil)								
Profit ($mil)								
Tot. Assets ($mil)								
# Employees (Que)								
Trading vol. (000's)								
Price 12/31 (Hi/L)								

Table 4

Sample Selection Spreadsheet

	Company	IPO DATE	No shares in Québec (000)	Amt. raised in Québec ($000,000)	Location	Description	Comment
1.	Aligro	4/84	700	3 5	Thetford	Wholesale food dist	Too far.
2.	Amusecor	12/83	1,200	2 4	St. Laurent	Amusement centres	Interviewed. Not suitable.
3.	Aro	1983	30	3	Arthabaska	Furniture mfg	Too far.
4.	Biotech Electr	11/84	1,400	7 0	Dorval	Air purifiers	Interviewed. Not interested.
5.	Brault, Guy, O'Brien	12/84	140	.6	Montréal	Brokerage firm	Special case - brokerage.
6.	Bytec Comterm	6/81	1,500	2 5	Pte. Claire	Computers & parts	Special case - mgt buyout
7.	CanCom	12/83	4,000	8.4	Montréal	T V & radio signal dist. by satellite	Special case - consortium
							Too far (exec. offices in Toronto).
8.	Canam Manac	6/84	1,000	9 5	Beauce	Metal, trailers, office furn.	Too far.
9.	CB Pak	3/84	2,000	27.0	Montréal	Packaging materials & supts	Special case - spin off.
10.	Circo Craft	10/84	1,716	14 2	Kirkland	Printed circuit mfg.	Not interested.
11.	Datagram	12/84	1,000	3 0	Boucherville	Electr. communications mfg.	Interviewed. No response to follow up.
12.	Forex	11/83	1,000	5 0	Val d'Or	Wood products	Too far.
13	Guardian Trustco.	3/83	.2	1.25	Montréal	Financial institution	Special case - financial institution
14.	Hartco.	12/84	1,000	7.0	Ville d'Anjou	Department & computer retail	Interviewed. Not interested
15.	Exploration Aiguebelle	5/81	1,700	7 2	Rouyn	Mining exploration & devt	Special case - mining Too far
16.	Goodfellow	10/84	1,000	5 0	St. Laurent	Lumber prods. & dist.	Not interested.
17.	GTC	10/84	1,143	10.1	St. Laurent	Printing & dist	Interviewed. Agreed to study.
18.	Industries Aston	12/84	270	.4	St. Leonard d'Aston	Ventilation & heating systems mfg.	Too far.
19.	Industries Charan	10/84	1,000	3.5	Ville d'Anjou	Children's prods	Interviewed. Not interested
20.	Industries Line	12/84	321	1.6	Warwick	Folding boxes mfg	Special case - not listed.
21.	Magasins Chateau	12/83	900	5 2	Montréal	Clothing retail	Interviewed. Not interested
22.	McNeil Mantha	4/84	1,000	3 0	Montréal	Brokerage firm	Special case - brokerage
23.	Mines JAG	12/84	319	.5	Montréal	Mining exploration & devt.	Special case - mining
24.	Morgan Trusco	3/84	1,000	6 0	Montréal	Owner of Morgan Trust	Special case - financial institution
25.	Nap Breton (1977)	11/84	40	.4	Beauce	Pork processing, retail hardware	Too far.
26.	Papiers - peints Berkley	6/84	1,000	4 0	Sherbrooke	Wallpaper mfg. & dist	Too far.
27.	Papiers Perkins	11/84	1,250	7.2	Laval	Specialty paper	Special case - spin off.
28.	Pro-Optic	9/83	1,000	2.0	Montréal	Optical lens mfg & dist	No response (15 trials).
29.	Ressources Camchib	2/81	-	15.0	Montréal	Mining exploration & devt.	Special case - mining.
							Special case - spin off
30.	Richard Piché	12/84	40	.4	Cap Santé	Snowblower parts mfg.	Too far.
31.	Soc. Minière Louvem	11/83	600	3 0	Val d'Or	Mining exploration & devt.	Special case - mining. Too far.
32	Telecapitale (Pathonic)	12/84	4,600	23.0	Montréal	T.V. & radio broadcasting	Interviewed. Agreed to study.

Table 5

Sample Selection Summary*

Companies eliminated			
· Too far (1, 3, 18, 12, 25, 26, 30*)			8 companies
· Special case	- mining (15, 23, 29, 31)	4	
	- brokerage (5, 22)	2	
	- financial institution (13, 24)	2	
	- spin off or mgt. buyout (6, 9, 27)	3	
	- consortium (7)	1	
	- not listed (20)	1	13
· Interview denied	- not interested or no response (10, 16, 28)		3
Interviews completed	- not interested or no response (4, 11, 14, 19, 21)	5	
	- not suitable (2)	1	
	- agreed to study (17, 32)	2	8
			32 companies

* numbers in brackets correspond to company number from Table 4: Sample Selection Spreadsheet.

The two companies that took part in this study were Groupe Transcontinental GTC Ltée (GTC) and Télécapitale Inc. (renamed as Pathonic Network Inc. [Pathonic]). The "more successful" - "less successful" pairing that was hoped for was not realized. Both companies were above average in share price growth and trading activity. Other, less successful companies would probably be less inclined to participate in a study such as this and the initial hope for this pairing may, in fact, have been too optimistic.

The selection of GTC proved to be fortunate because GTC had been part of an earlier study on the same topic (Persiko, 1986) and interview tapes from that study were available for review and transcription. Interview data was therefore available from two different years (1986, 1988) and in some cases the same persons were interviewed in both years. This longitudinal dimension and the fact that two different interviewers were used improved the triangulation and added to the trustworthiness (reliability) of the data. Furthermore, GTC proved to be cooperative and gracious in supporting the study activities and interviews were frank and open. One example dramatically illustrates this gracious cooperation: M. Vachon, Plant Manager at the St. Hyacinthe plant, provided a plant tour after the scheduled interview and followed this with a lunch invitation. He spent close to four hours with this researcher, despite the facts that he had just returned to work after a painful ankle fracture and they had had a press breakdown at 3:00 a.m. the previous night; he expected to be at work until 9:00 p.m. that night.

The case study of Pathonic was less successful. Interviews were completed and transcribed as planned with six managers and executives. The frankness of the GTC interviews was not as evident at Pathonic. The researcher sensed in several interviews that some information was being withheld and in at least two interviews the interviewee stated that he was unable to speak about certain events that would help answer some of the interviewer's questions. Subsequent to the interviews it became public that the company was being acquired by Télé-Métropole and would not longer trade under its own name. Research into the company's history also showed that it had previously been a public company and was subsequently privatized under new ownership. There had been several ownership changes in the company's history and the 1984 public issue was not, strictly speaking, the first experience of the organization with becoming a public company. This, combined with the fact that its existence as an independent and widely traded public company ended four years later in 1988, effectively disqualified Pathonic as either a reliable source of information or a reasonably representative company situation. No other companies from the study population met all the pre-established criteria and the study collapsed into a single case study, albeit with two different data collection periods (1986 and 1988) and two different researchers (R. Persiko and R. Dainow).

Materials

An Interview Questions List was prepared as a guide for the company interviews. Questions were developed in each of 20 areas where the PIM suggested the IPO event might have an impact. Four other issues were also considered. A total of 127 question sets were devised, with some indication of which persons would be most appropriate and what other sources might triangulate most readily in each area. It was still not possible to ask each respondent all of the questions on the Interview Questions List (see Appendix A: Interview Questions List). It was used, however, as an active guide for both planning and carrying out the interviews. It is the main link between the

Preliminary IPO Model (PIM) and the actual data collected; it provided the clarity and focus necessary to avoid the problems of "research projects that pretend to come to the study with no assumptions [and] usually encounter much difficulty... The risk [of having a rough working frame] is not that of 'imposing' a self-blinding framework, but that an incoherent, bulky, irrelevant, meaningless set of observations may be produced, which no one can (or even wants to) make sense of" (Miles, 1984, p. 119). Mintzberg (1979b) echoes the same need for a guiding framework: "No matter how small our sample or what our interest, we have always tried to go into organizations with a well-defined focus - and to collect specific kinds of data systematically" (p. 585).

Procedure

The procedure in this study followed Lincoln and Guba's (1985) guidelines for establishing the study and setting up interviews. Interview tapes were then transcribed and coded so that intercoder reliabilities could be established. The last steps in the procedure - transcript coding, sub-coding, and analysis - were only completed after the intercoder reliabilities had been established.

Establishing the Study

Lincoln and Guba identified four items that require early attention in a naturalistic inquiry: "Making contact and gaining entry to the site; negotiating consent; building and maintaining trust; and identifying and using informants" (1985, p. 252). Each of these items and its place in this study will be dealt with in turn:

1. Making Contact and Gaining Entry

In this study, initial contact was always at the CEO level, since he was judged the critical gatekeeper. The purpose of the study was explained and the role of participating companies was described. It was this interview that was to provide initial entry into a subject company.

2. Negotiating Consent

Negotiating consent began with this initial contact and culminated with the signing of a Research Cooperation Agreement by the CEO and a Permission to Quote Form by each respondent interviewed (see Figure 7: Research Cooperation Agreement and Figure 8: Permission to Quote Form).

The Research Cooperation Agreement was presented and discussed at the start of each new interview.

3. Building and Maintaining Trust

Lincoln and Guba (1985) argue that establishing trust is an ongoing process, necessary with each new respondent. In this study, the CEO of GTC sent a memo to each of the planned interviewee's to explain the study and encourage their cooperation. A copy of the Research Cooperation Agreement and the prior study by R. Persiko were attached. (See Figure 9: GTC Introduction Memo.) This helped a great deal in establishing credibility and trust within the organization. Responses were frank and open from virtually everyone at GTC, suggesting that they had little or nothing to hide.

4. Identifying and Using Informants

Guba and Lincoln's (1985) fourth item requiring early attention is finding and using informants, key people who are not only sources of information from the situation under study, but also collaborate with the inquiry team. All those interviewed in this study acted as informants in that they were actors in the GTC situation, but none acted simultaneously as a member of the inquiry team to help in the interpretation of data. The use of informants in the full sense described by Lincoln and Guba was not, therefore, achieved in this study.

Figure 7

Research Cooperation Agreement

CONCORDIA
UNIVERSITY

RESEARCH COOPERATION AGREEMENT

Mr. Rob Dainow, a Lecturer in the Management Department of Concordia University and a Ph.D. student in the Educational Technology Program at Concordia University, is undertaking a research study at GTC Ltée. This research will form part of his Ph.D. dissertation, and, upon successful completion, the dissertation remains an unpublished document, but one that is available on a special order basis. The purpose of the research study is to determine the nature of the changes in a company's operations and management as it moves from being a private, closely held corporation to a public corporation with more widespread shareholders.

Individual interviews will be the principal method for collecting information about GTC Ltée. and how it has evolved and continues to evolve. Each person participating in an interview will be given a copy of this Research Cooperation Agreement in order to assure that each understands the purpose of the study and their role in it.

All information provided to the researcher in an interview will be kept confidential. Direct quotations will be used only if permission is granted. All information gathered will be transcribed and then coded for subsequent analysis by the researcher. This information will not be readily available. Access will be provided only on a clear need-to-know basis. It must be recognized, however, that anonymity cannot be absolutely guaranteed since research records have no privileged status under the law and can be subpoenaed should a case emerge (a highly unlikely outcome).

GTC Ltée., and each individual asked to participate, maintain the right to withdraw from this study at any time, simply upon written notification to the researcher, Rob Dainow. Participation is, therefore, fully voluntary.

Rémi Marcoux
NAME

[signature]
SIGNED

Chairman of the Board
and Chief Executive Officer
POSITION

Feb. 4th, 1988
DATE

Figure 8

Permission to Quote Form

PERMISSION TO QUOTE

If the researcher is to be permitted to quote you, please sign below, indicating whether or not these quotations can be attributed to you.

_______ Yes, I agree to be quoted, and these quotations can be attributed to me.

_______ Yes, I agree to be quoted, but these quotations cannot be attributed to me.

_______ No, I do not agree to be quoted.

_______________________________ SIGNED

_______________ DATE

Figure 9

GTC Introduction Memo

Groupe Transcontinental G.T.C. ltée

375, boul. Lebeau
Ville Saint-Laurent (Québec) H4N 1S2
Téléphone: (514) 337-8560
Télex: 05-825642

A : R. Bélair, R. Faucher, R. Gagnon, C. Gentile, J. Nepveu
M. Vachon

DE : Rémi Marcoux

DATE : 4 février 1988

Au début de 1986, M. Robert Persiko, étudiant pour l'obtention d'un MBA à l'Université Concordia, a fait une étude sur le comportement et l'expérience d'une société privée qui devient publique. Son travail a été supervisé par le professeur Robert Dainow qui, aujourd'hui, désire compléter ce travail qui servira de thèse pour l'obtention d'un Ph. D.

Vous trouverez ci-inclus un "Research Cooperation Agreement" que j'ai signé avec Robert Dainow qui vous sollicitera une entrevue enregistrée qui dure environ une heure. Il a développé un plan de travail qu'il suivra avec chacun de vous.

Je vous demande votre collaboration pour faciliter les recherches de Robert Dainow, lesquelles serviront a toute la communauté.

Rémi

p.j.

Interview Coding and Intercoder Reliabilities

Eight interviews were conducted at GTC in 1988 and tapes from five interviews from 1986 were also used; six interviews were conducted at Pathonic in 1988. All of these interviews were transcribed and verified (see Figure 10: Interviews Transcribed).

Transcript verification involved listening to the interview tape in order to correct any transcription errors. The corrected transcripts were then reviewed to establish the main themes and topics. Notes were made of each transcript and these were organized around the topics of the interview. Many preliminary codes were used. All of these were listed and the frequency of use for each code was counted. Initial coding categories emerged from this sifting and organizing. The transcripts were then analyzed using these initial codes to test how well they would work to organize the data meaningfully. There were no empty code categories and the statements within each code category did reflect a consistent theme. This approach is consistent with coding guidelines provided by Bogdan and Biklen (1982), Miles and Huberman (1984), and Fleet and Cambourne (1989).

The next step was to determine if these codes could be reliably applied to the case study data. Intercoder reliability tests were undertaken before proceeding further with the analysis. The first intercoder reliability test provided minimal training or orientation to the coder. A description of the Coding Rules and a Code List were provided (samples are shown in Appendix B: Coder's Package) and a sample of an already coded transcript was reviewed. The coder was then asked to identify the relevant segments of the transcript and apply the appropriate code to each. The reliability was measured as: Number of agreements / (number of agreements + number of disagreements). This is the measure provided by Miles and Huberman (1984, p. 63). It was 27% on the first reliability test and 54% on the second one (using a different transcript). Two other coders, more familiar with the business management terminology and ideas expressed in many of the transcripts, were expected to achieve higher reliabilities. Their scores ranged from 19% to 46% (see Table 6: Intercoder Reliabilities - First Trial). An intracoder reliability test by the researcher gave a score of 65%.

Figure 10

Interviews Transcribed

Person Interviewed	Position in Company	Dates
M. Rémi Marcoux	President & CEO, founding partner	March 1986 February 1988 March 1988
M. Robert Faucher	V.P., Finance	March 1986 February 1988
M. Rodrigue Gagnon	V.P., Human Resources	February 1988
M. Jacques Nepveu	Corporate Secretary	February 1988
M. Cam Gentile	President, Trans Continental Printing (ITC)	March 1988
M. Roger Belair	President, Composition Contact (part of ITC)	February 1988
M. Michel Vachon	Plant Manager, St-Hyacinthe	March 1988
M. Claude Dubois	Executive V.P., founding partner	March 1986
M. Jean Aubert	V.P., Development	March 1986
M. Pierre Brunet	Director; President, Levesque Beaubien	March 1986
GTC Total: 10 persons		GTC Total: 13 interviews
M. Paul Vien	President & CEO	February 1988 (2 interviews)
M. Gilles Leduc	Executive V.P., Sales	May 1988
Mlle. Renée McKibbin	Corporate Secretary	
M. Bernard Fabi	Senior Executive V.P. & Executive V.P., Programming	May 1988
M. Jules Bellegarde	Executive V.P., Finance	May 1988
M. Jean-Marc Beaudoin	Station Manager (Québec City)	May 1988
Pathonic Total: 6 persons		Pathonic Total: 7 interviews

Table 6

Intercoder Reliabilities - First Trial

Transcript	Coded by*	Date	Agreement %
R. Belair	C.A.	9/21/88	10/37 = 27%
	P.G.	10/27/88	12/47 = 26%
	J.K.	10/27/88	13/37 = 35%
R. Marcoux, 3/88	C.A.	9/28/88	13/24 = 54%
	P.G.	11/14/88	7/37 = 19%
	J.K.	11/14/88	13/28 = 46%
TOTAL	3 coders (2 transcripts)	6 trials	68/210 = 32%

* C.A.	=	Cheryl Amundsen	2 transcripts;	23/61	= 38% av.
P.G.	=	Pascale Guillon	2 transcripts;	19/84	= 23% av.
J.K.	=	James Kendrick	2 transcripts;	26/65	= 40% av.

The second intercoder reliability tests provided more complete coding training. The PIM was explained (using an extract from the dissertation proposal), a list of Code Definitions was added to supplement the Code List and the Coding Rules, and some basic information about GTC was provided (an organigramme and a performance summary). (See Appendix B: Coder's Package.) One or two samples of already coded transcripts were also provided and there was some discussion of coding differences after each transcript coding was completed and scored. This was a more concerted effort to teach coders the desired method than had been followed in the first trial. Three coders coded 11 transcripts. Reliabilities ranged from 15% to 59%; the overall reliability, 33%, was hardly better than the 32% overall reliability from the first trial (see Table 7: Intercoder Reliabilities - First and Second Trials). An analysis of the reliabilities of individual codes showed considerable variation (from 0% to 57%) but the picture was still unsatisfactory (see Table 8: Individual Code Reliabilities - First and Second Trials).

Table 7

Intercoder Reliabilities - First and Second Trials

Transcript	Coded by*	Date			Agreement %
		First Trial			
R. Belair	C.A.	9/21/88	10/37	=	27%
	P.G.	10/27/88	12/47	=	26%
	J.K.	10/27/88	13/37	=	35%
R. Marcoux, 3/88	C.A.	9/28/88	13/24	=	54%
	P.G.	11/14/88	7/37	=	19%
	J.K.	11/14/88	13/28	=	46%
SUB-TOTAL			68/210	=	32%
		Second Trial			
J. Nepveu	J.G.	4/17/89	10/42	==	24%
	P.G.	5/2/89	11/42		26%
	J.K.	6/3/89	7/26		26%
C. Gentile (p. 1-15)	J.G.	4/23/89	13/22	=	59%
C. Gentile (p. 16-30)	J.G.	4/28/89	11/25	=	44%
	P.G.	4/28/89	13/28	=	46%
	J.K.	5/11/89	6/21	=	29%
R. Marcoux, 2/88	J.G.	5/15/89	8/15	=	53%
	P.G.	5/15/89	5/19	=	26%
	J.K.	6/3/89	4/26	=	15%
R. Gagnon	J.K.	6/3/89	7/26	=	26%
SUB-TOTAL			95/292	=	33%
TOTAL	4 coders	17 trials (7 transcripts)	163/502	=	32%
* C.A. = Cheryl Amundsen	2 transcripts 1988;		23/61	=	38% av.
P.G. = Pascale Guillon	2 transcripts 1988;		19/84	=	23% av.
	3 transcripts 1989;		29/89	=	36% av.
			48/173	=	28%
J.K. = James Kendrick	2 transcripts 1988;		26/65	=	40% av.
	4 transcripts 1989;		24/99	=	24% av.
			50/164	=	30%
J.G. = Joseph Galli	4 transcripts 1989;		42/104	=	40% av.

Table 8

Individual Code Reliabilities - First and Second Trials (for 10 codings)

Code	Intercoder Reliability		Rank
MGT STYLE	16/37	43%	3
CULT	5/17	29%	7
DECN MKG	12/22	55%	2
STRAT	8/32	25%	9
ORG STRUCT	5/16	31%	4
BD DIR	0/5	0%	12
NEW FCTNS	6/21	29%	7
HRM	8/27	30%	5
STKS	17/30	57%	1
FIN	5/22	23%	10
GRWTH	3/21	14%	11
MKTS	3/10	30%	5
HIST	0/3	0%	12
TOTAL	87/267	33%	-

Intercoder reliability measured as:

$$\frac{\text{number of agreements}}{(\text{number of agreements} + \text{number of disagreements})}$$

The lack of substantial agreement among coders was a source of considerable concern and delay. There was very little guidance from the literature in how to resolve this problem. Several well-regarded books and articles on qualitative methods did not address interobserver or interrater reliability (Bogdan and Biklen, 1982; Denzin, 1970; Patton, 1987, 1989; Whyte, 1984). Goodwin and Goodwin (1984) commented on this situation: "Given the fairly obvious need to estimate this type of [interobserver] reliability, it is surprising that very few examples of its use can be found in published accounts of qualitative evaluations" (p. 421).

Published studies that did address intercoder reliability covered a variety of coding tasks: Identifying predetermined categories of behaviour as "demonstrated" or "not demonstrated" (Strahan and Van Hoose, 1986); coding medical attending rounds according to nine possible behaviours, eight possible contexts, and four possible locations (Weinholtz, Everett, Albanese, and Shymansky, 1986); coding responses to open-ended questions about racial perceptions (Hilliard and Jenkins, 1981); coding classroom behaviour into 57 code items in eight categories (Bogdan and Biklen, 1982, p. 163); or using nine main codes and 91 sub-codes in a study of school improvements (Miles and Huberman, 1984, pp. 57-60). The Strahan and Van Hoose study achieved interrater agreements of 75.9% (the method of calculation was not indicated); Weinholtz et al. achieved interrater reliabilities over 65% on all but one of 29 codes used in their final trial (calculated as an intra-class correlation); Hilliard and Jenkins achieved intercoder reliability coefficients of .456-.976 on questions and .219-.937 on transcripts of discussions (the method of calculation was not indicated); and Miles and Huberman (1984) suggest that "eventually, both intra- and intercoder agreement should be in the 90 percent range" (p. 63).

Helmstadter (1964) did indicate that some characteristics are easier to rate than others: "The interobserver agreement is highest for those characteristics which are specific entities rather than composites and for those characteristics which are directly descriptive of one's behaviour rather than those derived indirectly by evaluation or by interpretations from different behaviour ... In general, the further the characteristic is from a specific, readily observed behaviour the less satisfactory the ratings will be" (pp. 193, 194). The inferential nature of the coding task for this study helped to explain the relatively low reliabilities. Le Compte and Goetz (1982) indicate that "ethnographers commonly use any of five strategies to reduce threats to internal reliability: low-inference descriptors, multiple researchers, participant researchers, peer examination, and mechanically recorded data" (p. 41). This study tried to reduce the inferential nature of the coding task by reducing the number of codes and defining them explicitly - two persons completed interviews and a total of seven different coders were used in the inter- and intra-coder tests; and all interviews were tape recorded and transcribed.

These features suggest enhanced reliability, but it was still clear that better intercoder reliabilities were required. Other researchers with greater experience in coding qualitative data were, therefore, contacted personally in the effort to find a solution to this critical problem (S. Biklen, Syracuse University; H. Dimmock, University of Waterloo; R. O'Reilly, University of Ottawa; L. Sandman, University of Minnesota; C. Weston, McGill University).

The problem was finally resolved when the coding task itself was more clearly and appropriately defined. Coders had been required to both determine which text segments were relevant and to then apply the most suitable code. The question was whether or not two different people would code the same data in the same way, and so selecting the relevant text segments was unnecessary. It simply confused the task and confounded the results. Text segments were, therefore, predefined (by the researcher) and coders were asked to code these already defined segments. Results improved immediately, dramatically, and consistently. Intercoder reliability was 67% overall and intracoder reliability tests yielded an 88% overall reliability (see Table 9: Intra- and Intercoder Reliabilities - Defined Segments Tests). The intercoder reliability trials had involved a total of 25 inter-coder tests, six different coders (other than the researcher), and eight different transcripts.

Table 9

Intra- and Intercoder Reliabilities (Defined Segments Tests)

Transcript	RD Recode[1] Date	Agreement %	Other Recode[1] Date	Agreement %
J. Nepveu	6/8/89	$\frac{29}{33}$ = 88%		
R. Marcoux 2/88	6/9/89	$\frac{10}{12}$ = 83%	TL - 6/29/89[2]	$\frac{9}{12}$ = 75%
R. Belair	6/12/89	$\frac{24}{26}$ = 92%	TL - 6/29/89	$\frac{18}{24}$ = 75%
			JG - 7/4/89	$\frac{16}{26}$ = 62%
R. Gagnon	6/12/89	$\frac{37}{43}$ = 86%	PG - 6/14/89	$\frac{27}{39}$ = 69%
R. Marcoux 3/88	6/13/89	$\frac{56}{58}$ = 97%	PG - 6/14/89	$\frac{17}{21}$ = 81%
			RS - 7/18/89	$\frac{33}{51}$ = 65%
R. Faucher 2/88	6/13/89	$\frac{40}{45}$ = 89%	JG - 7/4/89[3]	$\frac{11}{15}$ = 73%
R. Marcoux 86	6/17/89	$\frac{76}{85}$ = 89%		
C. Gentile	6/9/89	$\frac{35}{48}$ = 73%	RS - 6/19/89[2]	$\frac{18}{33}$ = 55%
TOTAL	1 coder 8 transcripts	$\frac{307}{350}$ = 88%	4 coders 6 transcripts 8 trials	$\frac{149}{221}$ = 67%

(1) RD = Rob Dainow
TL = Tom Low
JG = Joe Galli
PG = Pascale Guillon
RS = Richard Schmid

(2) 1st coding trial

(3) The last codes by JG were all incorrect before he abandoned this transcript; these 7 codes were omitted

Code Analysis and Sub-Coding

There were 441 pages of transcript data. Coding these data into meaningful categories was a necessary first step in the analysis. The next step was, therefore, to look at the data in each code category. A review of only those items assigned to the same code achieved two things: First, it verified the coding (items not properly coded did not fit); and second, it provided a sense of the content of each category. The code category did, however, still have too many data items for ready analysis without further sub-classification. Sub-codes were therefore developed for each main code category. These sub-codes emerged fairly readily from the data, partly because of the prior experience of developing main codes, and partly because it was a smaller set of transcript segments than had been considered in the earlier development of the main codes.

The categorization into sub-codes created more coded units of data than were originally defined in the main code (e.g., the Strategy main code had 41 text segments, while the five sub-codes for Strategy had a total of 59 text segments). This increase in sub-coded text segments was the result of some main code segments being sub-divided during the sub-coding process and, in a few cases, more than one sub-code was applied to substantially the same text segment. This code and sub-code analysis structure is shown in Figure 11: Main Codes and Sub-Codes with Frequencies.

These coding and sub-coding procedures served to tabulate and compile the data. The transcript data became organized by main topic, and within each topic the sub-codes described the substance of what respondents reported. These transcripts were the main source of data and they did incorporate the documents that were collected during interviews (e.g., the 1988 Operating Plan, the GTC Organigramme). Data from other sources included documents from the MSE, stock analyst reports, and magazine articles. These data were also coded and sub-coded using the same coding scheme. As a result, all the data are analyzed and reported using this same analytical framework.

Figure 11

Main Codes and Sub-Codes with Frequencies

Code Abbreviation	Main Code Name	Sub Code Name	Frequency of Occurence*
BD DIR	Board of Directors		31
FORMAL		Formalization of procedures	7
DMFORM		Formalization of decision making	20
DMCONS		More conservative decision making	4
DMCHG		The changed decision	3
ATTIT		Attitude to the Board	3
MEMS		Board members & structure	7
CULT	Culture		19
FAM		GTC as a family	6
DYAP		Dynamic, young, aggressive, proud	10
KEEP		Keeping the culture intact	8
CMROLE		Owner/managers' role in culture	6
DECN MKG	Decision Making		64
FSC		Formalized, structured, consultative	32
ENT		Entrepreneurial	7
FACT		Fast & action-oriented	8
CARE		More careful, conservative	12
LST		Longer decision time; short-term orientation	14
OSH		Concerns for outside shareholders	13
SIZE		Impact of size & scale of operations	2
FIN	Finance		30
TOOL		New financing tools	18
MGT		Financial management	5
OPPTY		New opportunities	2
STRUC		Structuring financing & deals	7
GROWTH	Growth		55
MOTV		Motives	17
METH		Methods	26
PROB		Problems or consequences	9
LOG		Limits or opportunities for growth	13
FACT		Facts and history	10
HRM	Human Resource Management		63
PPLE		People-centred	21
REC		Recruiting & induction	19
BENS		Benefits	11
MOTN		Motivation	16
THIN		Human resources stretched too thin	16
POL		Policy & structures	20

Figure 11

Main Codes and Sub-Codes with Frequencies (cont'd)

Code Abbreviation	Main Code Name	Sub Code Name	Frequency of Occurrence*
MGT STYLE	Management		82
CHANGED	Style	Delegation	20
CHANGER		Roles & responsibilities	25
CHANGES		Styles & values	11
LVAL		Leadership in values	16
LREC		Leadership in recruiting	7
LMOT		Leadership in motivation	5
FAST		Fast action & reaction	9
CONS		Conservative & consultative	11
MKTS	Markets		21
CUSTS		Customers	14
COMPN		Competition	9
SUPP		Suppliers	4
NEW FCTNS	New		69
PR	Functions	Public relations	33
INFO		Changing information needs	16
BF		Bureaucratization & formalization	27
DDM		Delegation & decision making	12
ROLE		Role changes (Marcoux, Faucher)	22
ORG STRUCT	Organization		40
FORMAL	Structure	Formal structure (organigrame)	18
BUREAUC		Bureaucratization	9
FORMALZN		Formalization	7
DELEGN		Delegation & decentralization	16
INFORMAL		Informal networks	5
NEW OWNER		Integrating new owners	3
STKS	Stocks		48
PR		Stock price impact on decisions	13
PRDR		Reaction to stock price changes	11
MOT		Stocks as motivation tools	10
SH		Shareholder concerns	12
ST		Structure of stocks	14
AQN		Acquisition using shares	5
STRAT	Strategy		41
VIS		Vision	15
PLAN		Objectives, plans & planning activities	24
PLANB		Budgeting (as a planning activity)	7
AQ		Acquisition strategy; motives, methods, focus, results	10
COMP		Competitive strategy	3

* Total sub-codes frequencies exceed main code frequencies as a result of main codes being subdivided or coded to more than one sub-code.

The Ethnograph software program was used to manage the data (Seidel, Kjolseth and Seymour, 1988). This program, developed specifically to handle text data, re-organized the coded and sub-coded data so that only those text segments coded or sub-coded in the same way were grouped together. It provided a printout of all the text segments that were coded in the same way. This permitted the analysis of each code and sub-code on its own. It also ensured that all of the data deemed relevant to any topic were included in the analysis process. These same activities could, theoretically, have been performed manually, but it would have been practically impossible. An additional benefit of using the Ethnograph program is that it forced the explicit identification of each text segment defined as data and each code that was applied to that text. The result is not only a more comprehensive analysis than is normally achieved with manual systems but also a more transparent process that can be readily reviewed or replicated.

The Results chapter presents the outcomes of this process and shows the correspondence between this coding schema and the original PIM that framed the research questions.

CHAPTER IV

RESULTS

Introduction and Overview

This study was seeking a more explicit understanding of the impact of the IPO event on management behaviours and its implications for intervention in change. The literature review and the Preliminary IPO Model (PIM) guided the data collection. Information was collected largely from interviews in 1986 and 1988. Company documents were also collected in the course of the interviews and some observations were noted (including a few photographs). Public documents were reviewed from the Montréal Stock Exchange (MSE) Public Dossiers and Statistics Departments, from stock broker reports, and from newspaper or magazine articles. Together, these sources provide the basis for the triangulation used in this study.

This information was coded into 12 categories (main codes), and then each category was analyzed using between three and eight sub-categories (sub-codes). The main codes and their corresponding sub-codes are shown in Figure 13: Main Codes and Sub-Codes. (Note that this same figure is presented with the frequency of occurrence of each main code and sub-code in the Method Chapter. It is identified as Figure 11: Main Codes and Sub-Codes with Frequencies.) These codes and sub-codes were developed inductively from the data. The data collection was, however, guided by the PIM and the five resulting changes proposed in the PIM were an important focus in the interviews and other data searches.

The PIM established five main changes in the IPO process (see Figure 12: Preliminary IPO Model[PIM]). The codes used as the basis for data analysis emerged from the data itself. Twelve main codes were developed in this coding scheme. Five of these codes were the same as the five changes of the PIM. Six of the seven others corresponded most closely with one of the five changes in the PIM. The seventh code, Culture, was more ambiguous, but was most closely associated with Management Style. Figure 14: Codes Map shows the correspondence between the PIM changes and the main codes used. It is important to note that these correspondences were not exact and there was some overlap (e.g., the Organization Structure code revealed information relevant to Management Style as well as to Organization Structure).

Figure 12

<u>Preliminary IPO Model (PIM)</u>

The facts about going public	The possible impact on the organization	The resulting changes
1. Separation of ownership from management	→ clean up books, records, agreements → partners become managers (new role definition) → ownership can be valued and traded → staff reward - loyalty of existing staff - recruiting of new (executive) staff → influence of stock prices on behaviour - disruption of work - short-term perspective → customers & suppliers as shareholders (increased loyalty) → new p r functions - disclosure restrictions - to encourage trading → acquisition possibilities (using shares vs cash) → takeover possibilities (hostile, merger, sell out)	→ change in mgt style → change in org structure → growth potential (org) → growth potential (org) → growth potential (org) → changed decision making → growth potential (org) → change in org structure → change in org structure → growth potential (mkt) → new dimension to strategic thinking
2 Public accountability and disclosure of info (regulatory requirements)	→ new auditing functions, new auditors → new info systems → new reporting or control possibilities → restructuring of Board of Directors → legal constraints on decisions (e g disclosure) → formal written plans (e g annual report) → info available to competitors → info available to suppliers, customers	→ changed decision making → changed decision making → changed decision making → changed decision making → changed decision making → changed mgt style → new dimension to strategic thinking → new dimension to strategic thinking → growth potential (mkt)
3. New sources of funds (new equity plus new borrowing possibilities)	→ funds for internal expansion → acquisition possibilities (cash or shares) → changed asset utilization, increased organization slack, possibilities for decentralization, delegation, new staff functions	→ growth potential (mkt) → growth potential (mkt.) → changed org structure → growth potential (org)

Figure 13

Main Codes and Sub-Codes

Code Abbreviation	Code Name
BD DIR	Board of Directors
FORMAL	Formalization of procedures
DMFORM	Formalization of decision making
DMCONS	More conservative decision making
DMCHG	The changed decision
ATTIT	Attitude to the Board
MEMS	Board members & structure
CULT	Culture
FAM	GTC as a family
DYAP	Dynamic, young, aggressive, proud
KEEP	Keeping the culture intact
CMROLE	Owner/managerś role in culture
DECN MKG	Decision Making
FSC	Formalized, structured, consultative
ENT	Entrepreneurial
FACT	Fast & action-oriented
CARE	More careful, conservative
LST	Longer decision time; short-term orientation
OSH	Concerns for outside shareholders
SIZE	Impact of size & scale of operations
FIN	Finance
TOOL	New financing tools
MGT	Financial management
OPPTY	New opportunities
STRUC	Structuring financing & deals
GROWTH	Growth
MOTV	Motives
METH	Methods
PROB	Problems or consequences
LOG	Limits or opportunities for growth
FACT	Facts and history
HRM	Human Resources Management
PPLE	People-centred
REC	Recruiting & induction
BENS	Benefits
MOTN	Motivation
THIN	Human resources stretched too thin
POL	Policy & structures

Figure 13

Main Codes and Sub-Codes (cont'd)

Code Abbreviation	Code Name
MGT STYLE	Management Style
CHANGED	Delegation
CHANGER	Roles & responsibilities
CHANGES	Styles & values
LVAL	Leadership in values
LREC	Leadership in recruiting
LMOT	Leadership in motivation
FAST	Fast action & reaction
CONS	Conservative & consultative
MKTS	Markets
CUSTS	Customers
COMPN	Competition
SUPP	Suppliers
NEW FCTNS	New Functions
PR	Public relations
INFO	Changing information needs
BF	Bureaucratization & formalization
DDM	Delegation & decision making
ROLE	Role changes (Marcoux, Faucher)
ORG STRUCT	Organization Structure
FORMAL	Formal structure (organigrame)
BUREAUC	Bureaucratization
FORMALZN	Formalization
DELEGN	Delegation & decentralization
INFORMAL	Informal networks
NEW OWNER	Integrating new owners
STKS	Stocks
PR	Stock price impact on decisions
PRDR	Reaction to stock price changes
MOT	Stocks as motivation tools
SH	Shareholder concerns
ST	Structure of stocks
AQN	Acquisition using shares
STRAT	Strategy
VIS	Vision
PLAN	Objectives, plans & planning activities
PLANB	Budgeting (as a planning activity)
AQ	Acquisition strategy; motives, methods, focus, results
COMP	Competitive strategy

Figure 14

Codes Map

PIM Changes	Corresponding Main Codes
1. Organization Structure	- Organization Structure - New Functions
2. Decision making	- Decision Making - Board of Directors
3. Strategic thinking	- Strategy
4. Growth potential	- Growth - Finance - Stocks - Markets - HRM
5. Management Style	- Management Style - Culture

This introduction and overview describes the five changes of the PIM. Each change is outlined as it was proposed in the PIM and then the GTC experience is described by summarizing the results derived from the analysis of the corresponding main codes. The balance of this chapter describes each of the main codes in more detail. These are presented in the same order in which they are described in this Introduction (This is also the same order in which they are shown in Figure 14: Codes Map).

1 Changes in the Organization Structure

The PIM proposed that there might be changes in the organization structure as a result of new roles and functions for management and executives, the increased slack (i.e., increased resources to support more activities), and the ongoing pressures of a growing organization. The transcript code of Organization Structure captured information showing how the organization structure became more formalized (a new, enlarged, and considerably clarified organigramme was developed). It also showed how the organization became more rule based, more policy bound, and more bureaucratic. Thirdly, the decentralization of the organization was evident. The Organization Structure code identified how the structure was changing as the organization was growing.

The New Functions code explored the new roles and functions for management and executives. Public relations directed to shareholders and the investment community was cleary identified as a new function. There were also new information requirements for this public, fast growing company. The Chief Executive Officer and the Corporate Controller roles seemed to change the most, but the increasing formalization and delegation seen in the Organization Structure code also surfaces in the New Functions code analysis. Thus, the PIM change in organization structure corresponds to the transcript codes of Organization Structure and New Functions.

2. Changes in Decision Making

The PIM proposed that there might be changes in decision making as a result of the disclosure requirements, the influence of the stock price, the restructuring of the Board of Directors, the formal public statement of plans through annual reports, and the new information systems that may provide new opportunities for reporting or control systems.

The transcript code of Decision Making showed how a highly centralized, fast, and entrepreneurial approach was being altered as the company grew and matured. More people were involved in decision making, and the process became more structured, formalized, and time consuming. The concern for shareholders' interests combined with the pressure on short term results to introduce a more deliberate, cautious, and short term orientation to decisions.

The Board of Directors code showed more impact on decision making than was initially anticipated. The analysis of this code reinforced the analysis of the Decision Making code by showing how decision making became more structured, more formalized, and, perhaps, a bit more conservative. The Board was treated as the highest decision making authority, bringing new input into the executive level of decision making and shifting the final accountability for major decisions.

3. Changes in Strategic Thinking

The PIM suggested that strategic thinking may change as a result of the need to write down and publish future plans, the availability of information to competitors, the ongoing growth of the company in both new and established markets, and, eventually, the possibilities for mergers or hostile acquisition attempts.

The transcript code of Strategy captures some of these dimensions. The original partners' vision continued to be the driving force behind their goal statements and plans. Goals and plans became both more detailed and more explicit. This made middle management better informed. Goal statements were put on paper, but detailed planning documents were not prepared. Budgeting, always important at GTC, became more involved, especially for capital budgets.

Their competitive strategy of providing the best product and service in the undeveloped flyers niche required high capital costs and growth. Acquisitions had always been the principal method to achieve this growth and with the IPO this strategy was accelerated. They not only had additional funding but also were able to use shares to pay for part of these acquisitions. Furthermore, acquisitions were much more likely to improve the quarterly profit reports while internal development (their own start-ups) decreased quarterly profits. Acquisitions were not consciously planned as the principal growth method, but there were clearly enunciated acquisition criteria in both 1986 and 1988. Planned or not, the pace of acquisition quickened and the Board of Directors became the final authority for these decisions.

The original partners' vision of the company may not have changed dramatically, but the means and methods to realize this mission certainly matured as a result of gaining access to new financing and expansion tools.

4 Increased Growth Potential

The PIM suggested that there may be increased growth potential both internally and in the marketplace. Internal organizational changes might result from the introduction of employee stock option plans as a reward for existing staff and as an inducement to recruiting new executive staff, from the reactions of employee shareholders to increases or decreases in the price of the stock, and from the changes in the management style and organization structure. Increased growth potential in the marketplace can result from the new funds available as well as from the enhanced credibility of the company in negotiating with suppliers and customers (especially if they are also shareholders).

The Growth code captured information about the increased growth potential in the marketplace. The Finance, Stocks, and Markets codes also addressed this dimension of the PIM. In total, the GTC experience demonstrated this to be a richer field of change than the PIM had suggested.

The Finance code highlighted how the IPO had a much greater impact on the financing activities of GTC than anyone had anticipated. It went beyond the intial capital raised and the corresponding increase in their borrowing capacity. Their relationship with banks and other financial institutions changed and they were now sought as a preferred client. The use of shares for acquisitions was unplanned but used extensively and effectively. They used it not only to finance some of the acquisition costs but also to involve and motivate the previous owners who stayed on to manage their old companies within GTC. The Stocks code provided further evidence of how the use of shares for acquisitions was enacted.

The Growth code illustrated this acquisition method most extensively. This method became even more entrenched after the IPO mostly as a result of two facts: first, acquisitions enhanced quarterly profit reports while internal development hurt them, and, second, shares could be used to pay for some of the acquisition costs. Increased visibility led to more deals and opportunities while the annual reports served as an effective door opener and credibility builder. Sales and asset size increased more quickly than they could have done by other methods. One important reason for this was because the management of these companies stayed with GTC so that existing GTC management did not have to get fully absorbed in running their operations. Nonetheless, limited management resources to integrate and coordinate more new companies became an important constraint on further growth. The increased information requirements and the task of putting all the different companies' information into a unified computer system was another internal constraint on future growth, and it was also one that had never been anticipated.

The Markets code considered how the company's relations to customers, suppliers, and competitors changed after the IPO. Relationships with suppliers didn't seem to change and the company's strong orientation to customers and customer service did not first appear after the IPO, but rather, it was an attitude that had always prevailed in the company. The IPO impacted on customer relations only indirectly by supporting the growth that allowed higher levels of service. For example, the IPO accelerated the establishment of a network of plants in order to provide cross-Canada service to their main customers, the national retailers.

The internal, organizational changes required to support more operating units with higher sales, more employees, and increasingly diverse activities were only partly captured by the Growth code. It identified the problems of integrating all the new operations, particularly since the managers were the previously independent owner/operators. Another problem was simply the result of growing by adding on previously independent units: The volume of information to manage increased enormously, and the growing needs for computer management were exacerbated by the incompatibility of each new company's existing database.

The HRM code provided other important information about how the company was addressing the internal organizational changes. Recruiting efforts were active after the IPO, especially when acquisitions are recognized as an important source of new management. Nonetheless, growth was outpacing their ability to find managers and this was constraining further growth activities. The company had established HR policies and philosophies before going public, but it was only with the hiring of a new V.P. Human Resources in 1987 that these policies and structures began to be updated and put in place. The company had, however, always been people-centred. In fact, R. Marcoux continued to be very active in recruiting. His contribution was enormous here; at the same time, these efforts by one man had inhibited the HR department from taking over and systematizing this recruiting function. Thus, growth fueled the need for continuous and extensive recruiting at the same time that it moved the company towards increased structure and formalization in the HR department.

5. Changed Management Style

The PIM suggested that management style may change as owner/managers become CEO's and executives of a larger organization with new functions, more formal decision making, and a more elaborated organization structure. This is the most succinct description of any of the changes in the PIM model and, as it turned out, it describes accurately the GTC experience. The Management Style code captured a lot of information. The Culture and Organization Structure codes also shed light on these changes.

The Management Style code identified delegation as an increasingly important management task. This was supported by findings in the Organization Structure code showing how delegation increased in support of their decentralization, and in the New Functions code in relation to decision making behaviours. A larger organization and the new executive role responsibilities of a public company combined to remove the owners and executives further from daily operations: Increased delegation was inevitable. More management meetings took place throughout the company.

New executive roles included relations with shareholders that led to increased public appearances and regular contact with stock analysts and other outsiders. New reports were required and communications were formalized to support these shareholder relations activities.

R. Marcoux's individual style continued to drive and dominate the company. He remained the principal strategist, but his decision making became more consultative and the

Board of Directors was given new authority. He remained entrepreneurial, but also became more conservative. He remained a principal management recruiter for the company at the same time that the HR department was becoming more structured to take on these kinds of tasks. He became the company's main spokesperson, and as he spent more time in these strategic and external tasks, he had less to spend on day-to-day operations. His perspective shifted and he had to rely on others to do the day-to-day management. He was also attributed with inspiring and maintaining some of the company's values, like hard work, dedication, focus on people, and responsibilities to shareholders.

The Culture code illustrated the role of management in defining the company's prevailing values and attitudes. The family environment, informal and cooperative, had been developed by all the owners from the early days of the company, but at least a few of those interviewed said that it was threatened by the company's continuing growth. On the other hand, their style of being dynamic, young, aggressive, and proud was probably enhanced by the IPO and the ensuing growth, and it was sustained by the ethic of hard work that continued to prevail throughout the company. R. Marcoux was described as the main force behind these values, and he fostered and perpetuated many of these cultural attributes by demonstrating them in his own behaviour (e.g., hardworking, quick to respond, and entrepreneurial) and by recruiting management talent that already reflected these same values. Concern was expressed about whether this culture could remain intact given the changes in the company.

These stresses in R. Marcoux's own management behaviour and in the surrounding organization culture suggest that management style was still in transition. C. Dubois, another of the founding partners, expressed concerns in his 1986 interview about the need to learn how to delegate and in 1988 he had just transfered his authority and responsibility for the Printing Division (representing over 80% of total GTC business) to a newly hired outsider, C. Gentile. Hiring three senior managers from large corporations with the apparent intention of introducing the management methods and habits of the larger corporation further confirms this ongoing transition in management style. The outcome remained uncertain.

Summary

The preceding summary of the analysis is presented as an organizing framework for the more complete presentation of the results which follows. The PIM guided the data collection and it guides the presentation of the results. The relationship between the changes proposed in the PIM and the codes that captured most information about each change is shown in Figure 14: Codes Map. Figure 13: Main Codes and Sub-Codes lists all the sub-codes used in the analysis of each main code. These sub-codes reflect the results of these analyses and are substantially the same as the Table of Contents headings for the following detailed presentation of the results.

The Organization Structure Code

The code definition that was used in the transcript coding category of Organization Structure was defined as:

> Organization structure, both formal (organigramme) and informal (who does what and how people share/delegate responsibilities) aspects. Includes the addition of new functions (e.g., PR, corporate secretary, or audit/stock exchange reporting) as well as future vision or plans for evolution and change. Also includes consideration of how new people will fit into (or alter) the structure of people, their responsibilities, their relationships, and company policies. (There may also be new functions resulting from the growth of the company and its expansion into new markets, products, and services.)

Thirty-eight text segments were coded as Organization Structure (6.5% of all segments coded). It was used in 10/13 transcripts (77%).

The interpretation of these 38 text segments highlighted three dimensions of change: The organization structure became more formalized; it became more rule based and policy bound, more bureaucratic; and it was developing as a decentralized structure with more and more decision making being delegated.

The Formal Organization Structure

Although J. Aubert (V.P., Development, 1986) stated that the company "did not reorganize itself on an organizational basis because it goes public" (J. Aubert, 1986, l. 1111[2]), it became clear in analysing the other interviews that both the fact of becoming public and the high growth rate of the company led to substantial changes in the organization structure. The formal organization structure changed as new positions were created at the head office (V.P., Human Resources; Corporate Secretary) and in the divisions (an outsider was hired as President of the Printing Division). The fast paced acquisition of companies brought with it new staff and new activities.

The creation of new positions at head office had a ripple effect through the organization: Shortly after hiring the V.P., Human Resources (R. Gagnon), the human resource function through all GTC companies was reorganized with a set of policy guidelines, including the decision to have a personnel officer at all plants with over 150 employees. The guiding principle of this reorganization was "managed decentralization", with central control on setting policy and on hiring at the top management levels, but with policy implementation and management control locally.

Company growth brought new managers into the GTC group and, as problems arose, the organization structure was adapted to resolve them. It was, in fact, the process of identifying and solving problems with the existing organization structure that lead to its evolution and change. Thus, as they learned that new managers expected an organization structure that was clear and respected, with a clear knowledge of "who's my boss", they were forced to clarify and restructure their organization chart. Lines of authority were also clouded because owners of newly acquired companies reported directly to Rémi Marcoux (since he had

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[2] This identifies the line of the transcript on which the quote begins.

established the relationship that led to the acquisition in the first place), even though this often did not work in practice.

Finally, the small company management style, characterized by involvement in operating aspects throughout the company, no longer worked. The transition was not, however, immediate. The owners were still reported to be "all over the goddamn place" (R. Faucher, 1988, l. 859).

The need for a structured organigramme became clear, and in December, 1986, top management retreated to Montebello to work with some consultants in designing an organization structure that would both support the company's growth and guide its hiring decisions. This Montebello Retreat lead directly to decisions to hire the V.P., Human Resources (R. Gagnon) and the President of the Printing Division (C. Gentile). The organization chart that grew out of this Montebello meeting (see Figure 15: GTC Organigramme, Feb. 1988) formalized the organization, creating a clearer structure and patterns of behaviour and communication.

It was a logical and systematic organigramme, one that makes sense and is understandable at a glance. The prior organization chart, by contrast, was not as clear and easy to read (see Figure 16: GTC Organigramme, Sept. 1986).

R. Faucher explained how he saw the evolution of the organization structure:

- "It's a moving organization. It's changing because the company's growing" (R.Faucher, 1988, l. 1531).
- "You say it's not logical. Who cares if it's not, that's the way it was working. Then that's where we say it doesn't work, because the guy we have hired here is not happy... He didn't know who to report to, so we say listen, it doesn't work, here's a new structure" (R. Faucher, 1988, l. 1563).
- "We know it's going to move. And it's going to move depending on the strength of some of the people we're going to get... so you have to adjust the

chart to the people you have." (R. Faucher, 1988, l. 1621, 1680)

GTC had job descriptions before going public. In fact, R. Marcoux stated that "the company has always been managed with the idea that we would go public" (R. Marcoux, 1986, l. 1248). Thus, as the company grew after the IPO, another element of formal organization structure became important: Written policies. R. Faucher explained it very clearly in saying, "We have a policy on expense accounts. Who needs a policy on expense accounts when you're four companies? But now with so many companies... I have to have it written down now. You see, I have to have a policy manual... You have so many units now that you have to put it in writing" (R. Faucher, 1988, l. 1121, 1185).

Figure 15:

G.T.C. Organigramme, February, 1988

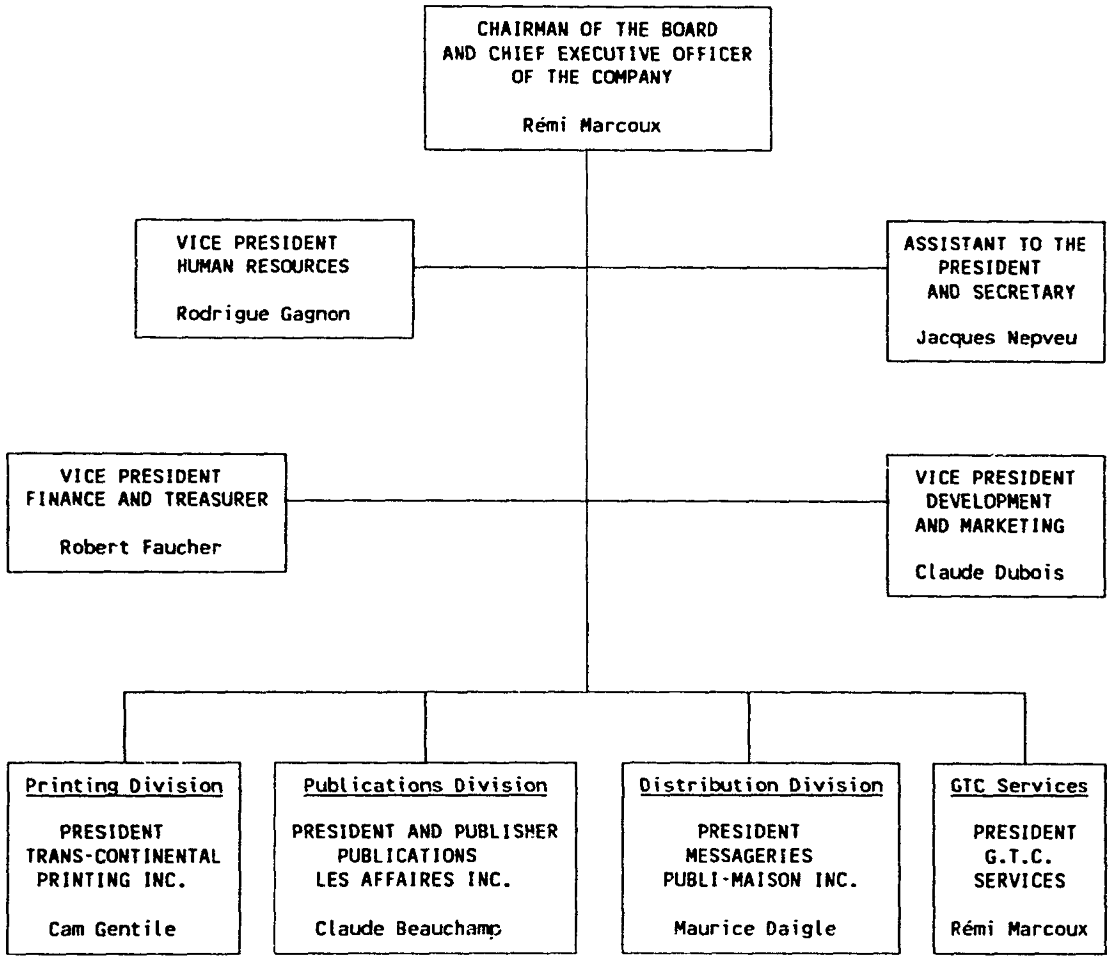


Figure 15:

G.T.C. Organigramme, February, 1988 (Printing Division)

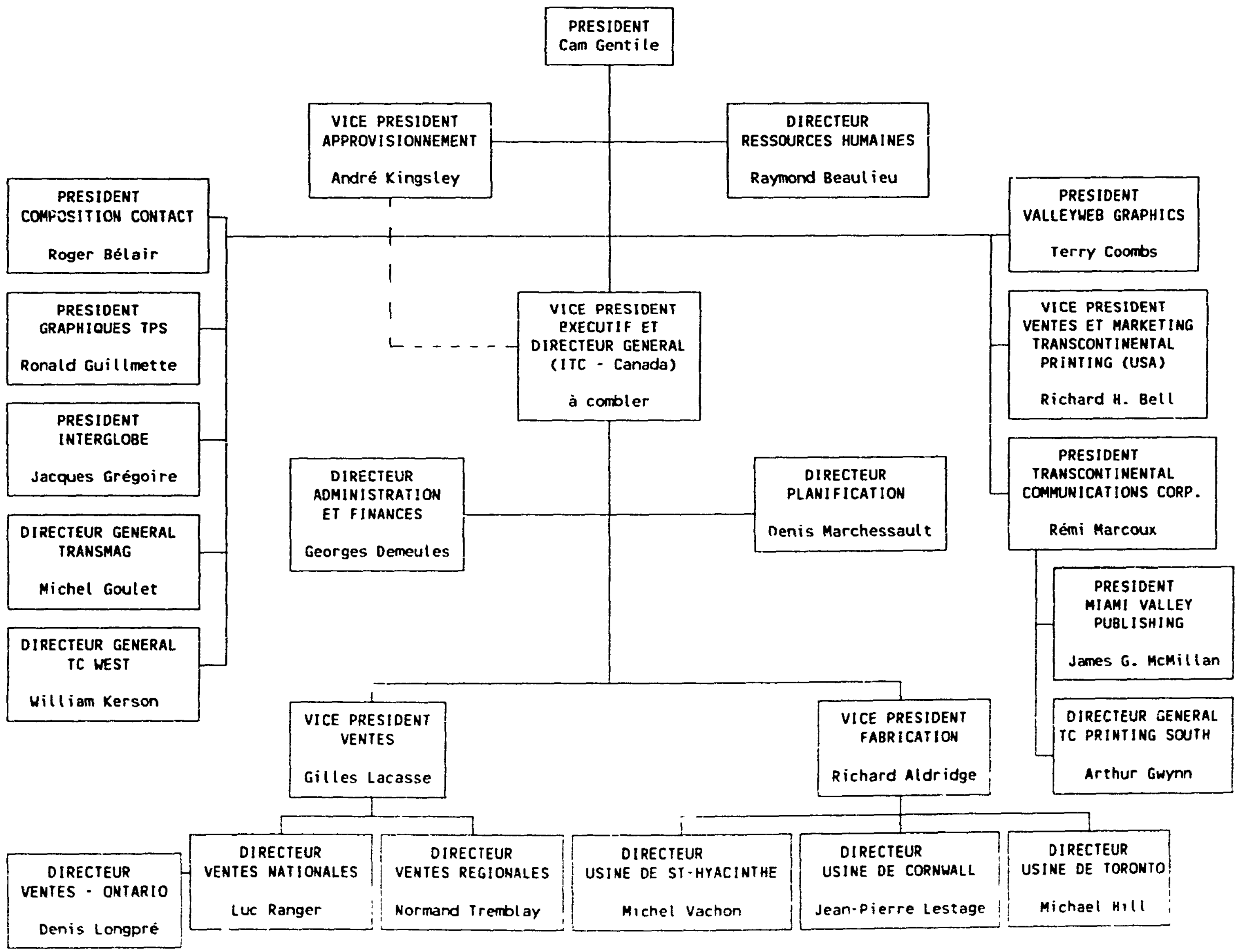


Figure 15:

G.T.C. Organigramme, February, 1988 (Distribution Division)

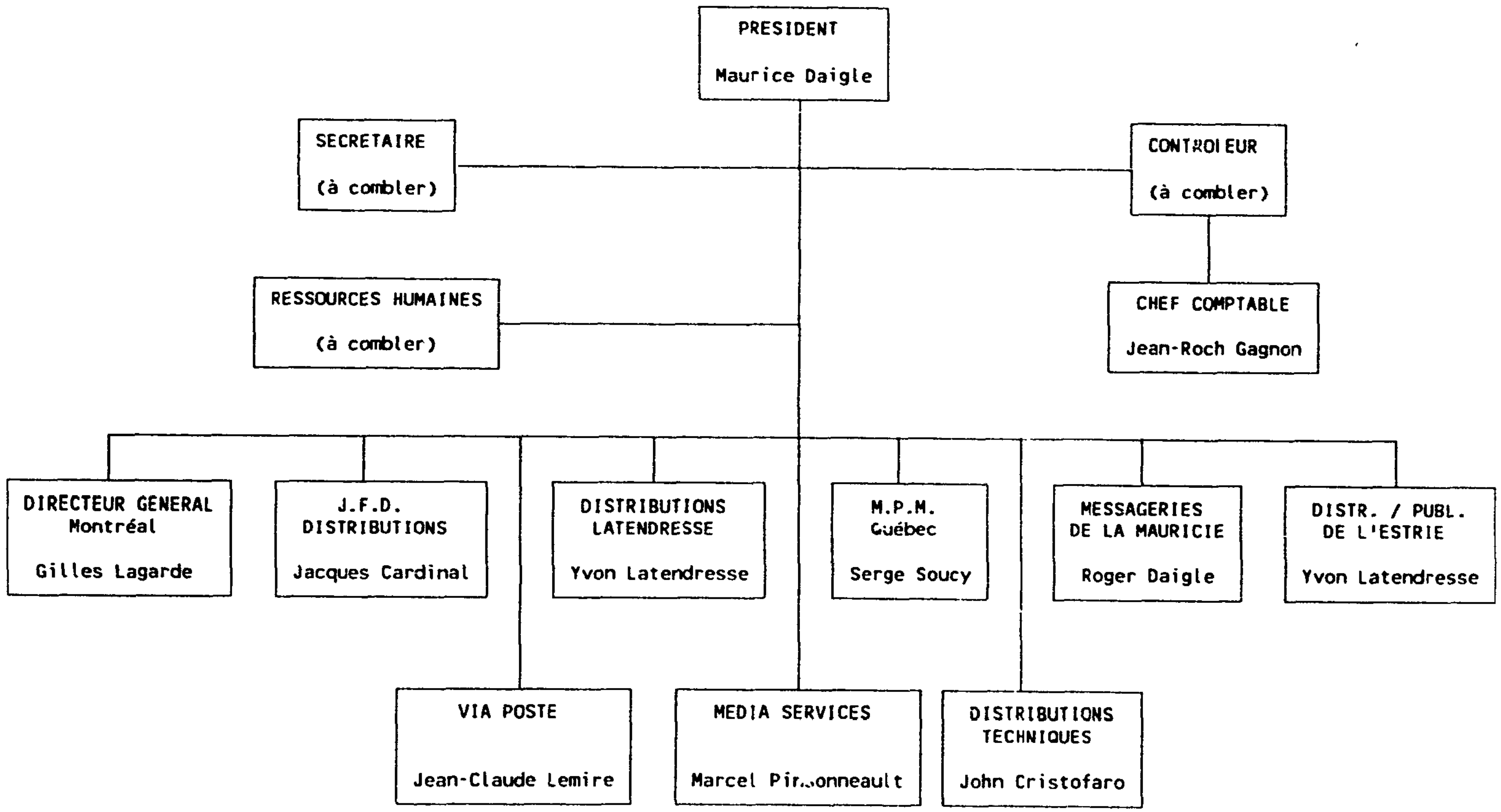
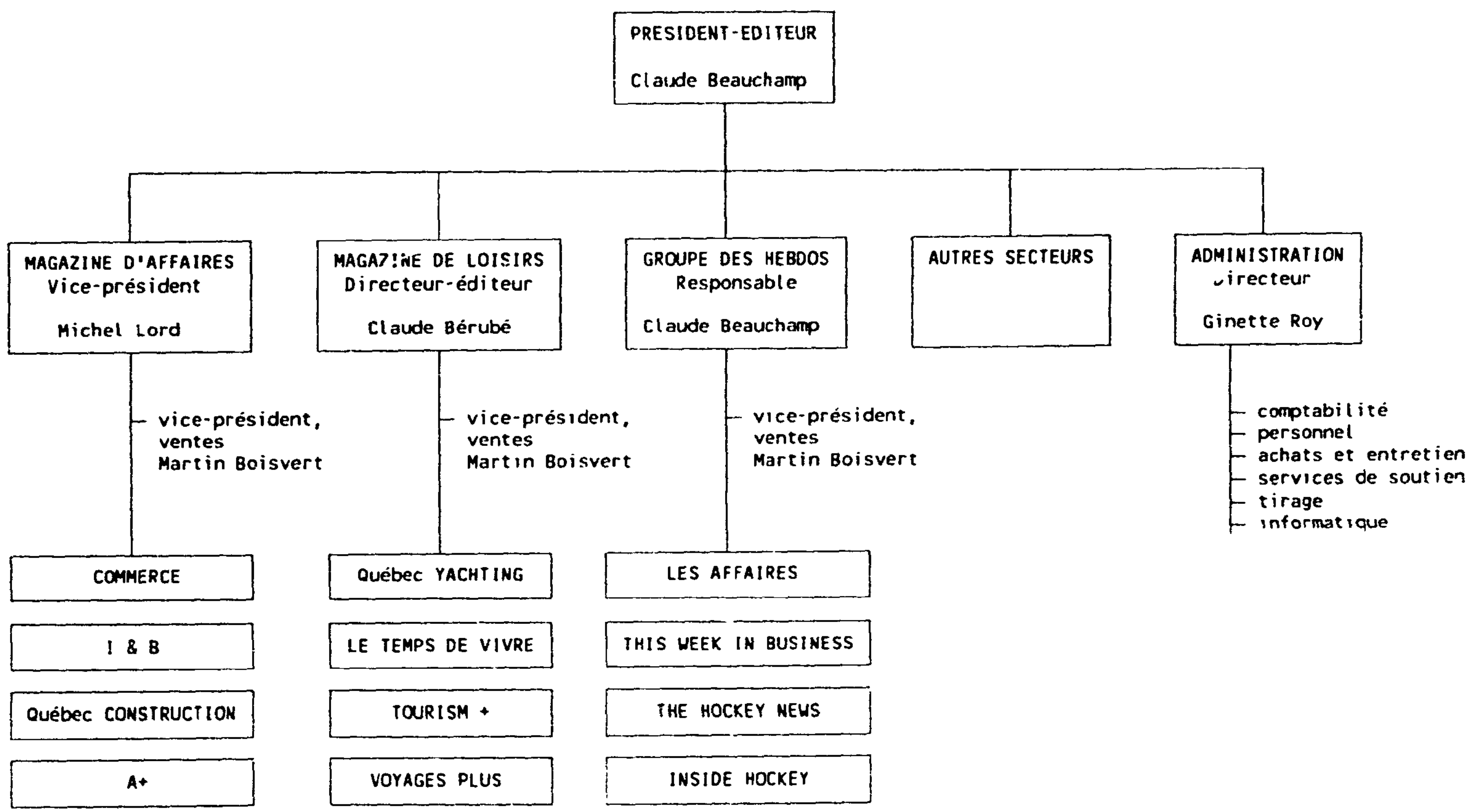


Figure 15:

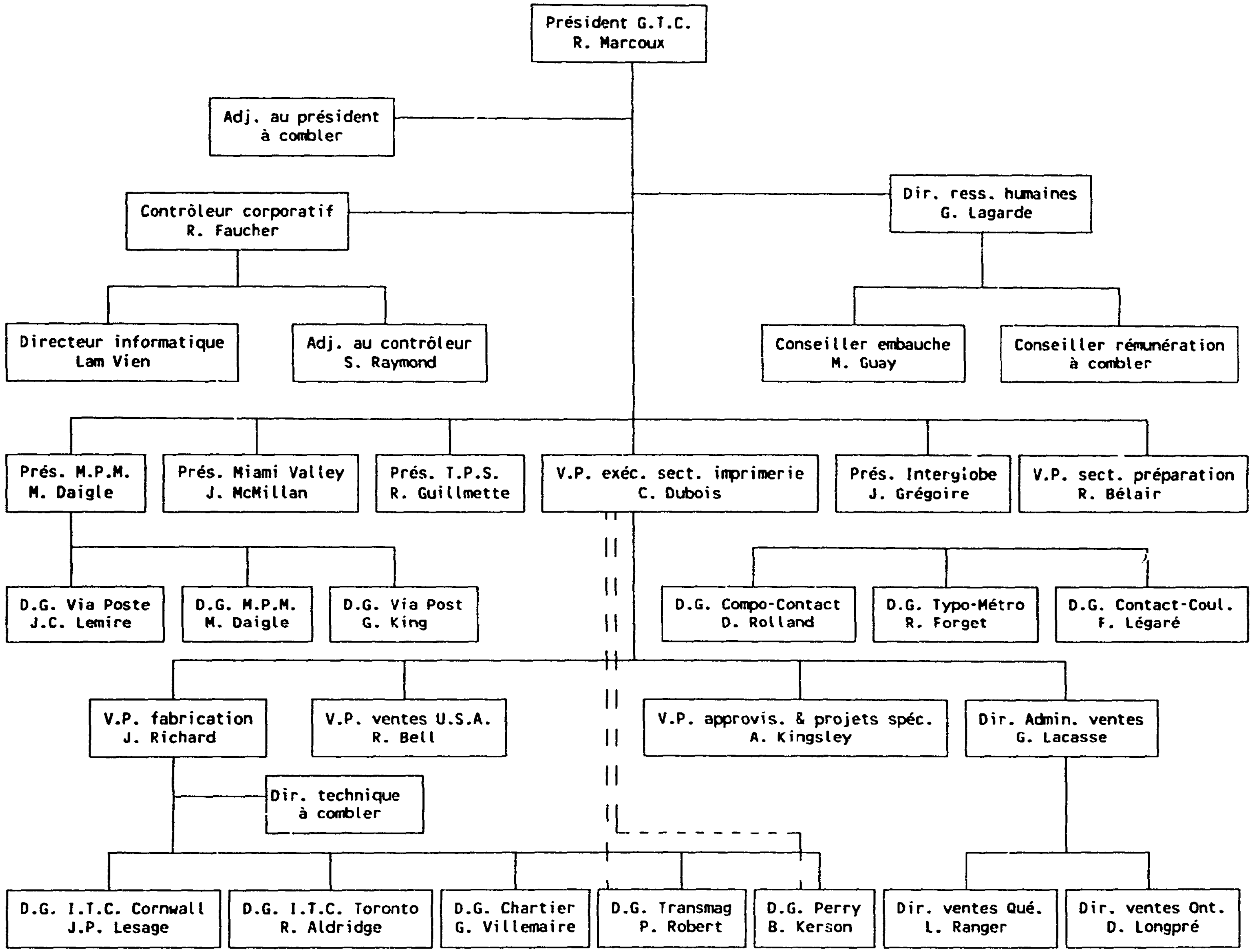
G.T.C. Organigramme, February, 1988 (Publications Division)



Un comite de gestion, se penchant sur les politiques administratives globales de l'entreprise est compose de Claude Beauchamp, Michel Lord, Ginette Roy, Martin Boisvert et Jean-Paul Gagne.

Figure 16

G.T.C. Organigramme, September, 1986



Bureaucratization

J. Aubert indicated in 1986 that, "as we get bigger we'll have to formalize" (J Aubert, 1986, I. 513). J. Nepveu, in 1988, echoed the same sentiment when he said that, "In becoming a larger company your organization has to change... you have to install some kind of bureaucracy in an organization that reaches the size that ours has reached" (J.Nepveu, 1988, I. 227). In fact, in his role as Corporate Secretary, J. Nepveu was working to formalize the way information was presented to the Board and also "the way information is presented and circulated internally" (J. Nepveu, 1988, I. 606). He was also interested in introducing more formal long term planning, which had not been done before, as "another thing that a large corporation has to do" (J. Nepveu, 1988, I. 624).

At the plant level, it was also reported (by M. Vachon, Plant Manager) that, "everything became more formal" (M. Vachon, 1988, I 329) and attention to deadlines was stricter

Some company management expressed the need for more systematic guidelines for decision making (R. Gagnon, 1988, I. 242), particularly since top management was no longer involved in the details of all decisions. As a result, decision making for these top managers became more formalized: "You ask questions because you don't know. Before you had the knowledge, you were the decider. No more. It's done by managers now" (R Faucher, 1988, I. 142). C. Gentile expressed the desire to create a "humanized bureaucracy" to support orderly growth and to support "the development of the human resources to allow this growth" (C. Gentile, 1988, I. 447).

At the same time, the human resource function itself became more clearly structured, first with the hiring of R. Gagnon into the newly created position of VP, Human Resources, and then with the assignment of hiring responsibility at the plant level and the policy decision to have a personnel officer at every plant with over 150 employees

Communication between people was also formalized: The need for written policies ("You have so many units now that you have to put it down in writing" [R. Faucher, 1988, I. 1185]);

the establishment of more formal lines of communication (We have "to go through a more sophisticated [communication] process" [C. Dubois, 1986, l. 1356]); and the desire of R. Faucher to physically move the head office away from the printing division so that communications would be less informal ("They will have to send a memo, they are going to have to talk to you by other means than just coming across [the hall] or meeting you by accident in the parking lot or at night at 7 o'clock" [R. Faucher, 1988, l. 1084]).

The Montebello Retreat in 1986 led to both a restructured organigramme and to the hiring of three new executives. All three were hired from large company environments with the express purpose of teaching GTC how to function more like the larger corporation. It was certainly not all by accident that the organization structure became more bureaucratic as more rules were established and interpersonal communications and behaviour became more formalized.

Delegation and Decentralization

Increased delegation of responsibility and authority was a very important issue for the development of the company. Claude Dubois, a founding partner, said in 1986 that they had to "start to delegate more, for the future of this company to have a stronger base and stronger management for more management than just the three of us [owners] making all the decisions" (C. Dubois, 1986, l. 1283). He went on to say that, "when we decided to go public, we said, now, we have to delegate more. We have to make sure that this company will be based on a higher level of management and more of delegating authority, delegating power. We committed ourselves to doing that" (C. Dubois, 1986, l. 1330). Robert Faucher, V.P. Finance, echoed a similar acceptance of the imperative of delegation when he said, "We have no choice. The problem is not delegating, the problem is finding the right people and doing the delegating at the right time" (R. Faucher, 1986, l. 4404). C. Gentile, President of the Printing Division, presented a different perspective on this delegation imperative: "You're not going to be able to respond to your customer if you don't decentralize, if you don't allow some of that decision making capability, if you don't put it down to the lowest possible level" (C. Gentile, 1988, l. 503).

Some of this delegation began to occur, albeit unwittingly, right at the time of the IPO. Top management was so fully involved in the IPO process during the fall of 1985 that they were not available to provide information and make decisions. The result was that, "When we were trying to get answers or direct input from head office it was difficult to reach people for a certain period of time. After that I think the reaction that was felt by many people was that you have to become now more independent, more self-sufficient" (M. Vachon, 1988, l. 289). Furthermore, as a result of becoming public, "you couldn't delay those answers like you could before" (M. Vachon, 1988, l. 331). The truth of the situation seemed to be that even "after the [IPO] fact, there was a lot of things that didn't get done... after 18 months there's still loose ends" (R. Faucher, 1986, l. 4251). "The key people are not there as much as they were before because they have other things to do" (R. Faucher, 1988, l. 99). These facts conspire to generate "delegation by default", contributing to "it's becoming a manager business, managed by professional managers, which is, I think, the way it should be" (R. Faucher, 1988, l. 102). Delegation was also the inevitable result of the company getting larger, particularly given its fast rate of growth and its method of growth by acquisition.

As a company gets bigger it grows beyond the limits of what one man can manage, no matter how good he is. At the same time, the strains of a growing organization led to the Montebello reorganization of 1986 and "we have hired different kinds of people since then" (J. Nepveu, 1988, l. 26). When three new upper management posts were all filled with people from larger organizations, they brought in expectations based on their experiences in formal, structured organizations where delegation is institutionalized.

The fact that growth had pushed some decisions to lower levels in the organization meant that top management was no longer as intimately involved and so they had to be informed of decisions with more formality than before. Before long, R. Faucher came to realize that "the corporate function cannot be operational" (R. Faucher, 1988, l. 1046) and that management had to realize this: "You have to cut the goddamn cord" (R. Faucher, 1988, l. 1064). He advocated a stronger physical separation of the corporate management from the printing division management in order to enforce this aspect of delegation.

Thus, internal growth lead to more structure, more managers, and more sharing of decision making. At the same time, the company's acquisition strategy had its own important influence on the decentralization issue. R. Marcoux, in describing his acquisition criteria in 1986, stated that, "second, management must be good" (R. Marcoux, 1986, l. 497). Owners of acquired companies became managers in the GTC group. They certainly had prior experience in management decision making in their own operations, and R. Marcoux felt they were an important part of any acquisition process because "you want them involved, yes, because the way we operate our company is decentralized" (R. Marcoux, 1986, l. 503).

In fact, it's questionable whether any company could sustain the growth rate of a GTC without being decentralized and delegating a lot of its operational decision making. The company philosophy supported this delegation through a decentralized organization structure: "We don't want to centralize, we want to decentralize, but we want managed decentralization. As Rémi says, une décentralisation dirigé" (R. Faucher, 1988, l. 1160). This approach was reflected by R. Gagnon, V.P. Human Resources, when he stated that in his approach to hiring, "I will design the procedure that the people should use to hire people... Then after they will do the hiring themselves" (R. Gagnon, 1988, l. 454). R. Faucher also reflected this approach in describing the development of their computer and management information system: "Everybody does their own thing, but we do centralize the development" (R. Faucher, 1988, l. 1521).

Delegation forms a critical part of the growth and formalization of the organization structure. GTC's efforts, some clearly intended and some perhaps inadvertent, were geared towards delegating from the top and pushing it further down the system. Their goal was to make the organization more responsive, to stretch the human resources more to their potential, and, overall, to make a better company.

Summary

The organization structure code was analyzed from the three related dimensions of the formal organigramme, the bureaucratization process, and the management of delegation. Taken together, these three aspects can be seen as clear indications of the company's movement towards increased formalization, structure, and rules of behaviour as it responds to the two intertwined forces of exceptionally fast growth and becoming a public company.

The New Functions Code

The code definition that was used to guide the coding of the transcript for the New Functions codeword read as follows:

> Any new functions (or new ways of doing old things) that have (or seem to have) resulted from the IPO. New PR and investor relations functions may result from the new need to provide information to shareholders in order to maintain activity and confidence in the stock. Auditing of information systems may be added or altered to meet the reporting requirements of a public company. The role of the corporate secretary may be expanded to accommodate increased legal and reporting requirements (e.g., for notification of meetings, signing of minutes, and so on).

The New Functions search yielded 69 coded segments in 12 of the 13 transcripts and so the analysis required some sub- classification. These sub-categories seemed to regroup the various statements coded under New Functions into a reasonably parsimonious and meaningful set. They provide the structure for the analysis which follows.

The expected and most readily apparent new function was in public relations, to build a positive company image in the investment community. New functions were also evident in meeting the information requirements of a public, fast growing company, in the decision making and delegation processes, and in the increase in bureaucracy and the formalization of decision making. These new functions within the organization had a clear and definite impact on both the roles and responsibilities of the Chief Executive Officers and on the creation of new positions within the organization.

Public Relations as a New Activity

Public relations was explicitly identified as a new activity in 6 different interviews (6/13 = 46% of total interviews). Although they had been forewarned by underwriters of the need for communicating with their investor communities, one key executive (R. Faucher) felt they had underestimated the time and energy this would take. As he himself put it, "We were made aware of that [the need for PR]. I don't think that at the time of the issue it meant as much as it did now... PR does that. Now he's got to go on television [R. Marcoux], I don't know when, this week sometime... So, his name gets there, the name of the company gets on peoples' minds and it generates interest. So it's got to be done properly too. Well planned" (R.Faucher, 1986, l. 2039) The initial response was to hire the public relations firm of Hutchison, Beauregard and then, in 1986, they hired Jean Aubert into the newly created position of Vice-President, Development, to take care "of the relationships between investors and the company" (R. Marcoux 1986, 1. 1272), "any type of work that has to do with corporate image" (J. Aubert, 1986, l. 42). Jean Aubert stayed with GTC less than one year. Jacques Nepveu, Corporate Secretary, had taken over responsibility for PR activities by 1988. He described his PR responsibilities as "mainly with shareholders or shareholder- related business. In this I would include brokers, investors, and things like that... and to a certain extent, corporate image" (J. Nepveu, 1988, l. 440).

The role of PR in maintaining stock activity and price was well recognized and they sought exposure "so that we can explain our company and we could develop interest so that they would buy, eventually, our stock. They would follow the company. So we have to spend a lot of time doing this" (R. Faucher, 1986, l. 1516). As Rémi Marcoux himself put it during the 1986 interview, "if you don't give information to your investor, nobody will be interested. So we have got to give information to the investor" (R. Marcoux, 1986, l. 764) The activity was deemed "important, because somebody has to talk with the analyst" (R. Marcoux, 1986, l. 1476) and definitely as a significant change within the company. In fact, Robert Faucher, Vice-President, Finance, indicated 2 years later in 1988 that "25% of my time is spent on the phone talking with [the investment community]" (R. Faucher, 1986, l. 243). Rémi Marcoux stated it well in 1986 when he said, "being a public company it is important, first to make sure our shareholders are well informed and second, [to establish] a good relation with the analysts because they are dealing between the consumer and the company" (R. Marcoux 1986, l. 1493).

Controlling the flow of information out of the company was not seen as a big problem, although more than one mentioned that they had been lucky not to have had any damaging information leaks. These issues were raised in the 1986 interviews and four people attested to the policy of limiting access of outsiders to only Marcoux, Faucher, and Aubert. All managers were told not to answer questions from outsiders and they had "a policy that we don't answer anything over the phone" (R. Faucher, 1986, l. 2710). This policy had been in place from before the IPO.

The first person hired with clear responsibility for PR, J. Aubert, explained it as "a rather focused public relations function. It's an investor-driven type of public relations... A company that does not communicate well, that does not communicate often, is more often than not undervalued... [we are] making ourselves available to the analysts when they do call" (J. Aubert, 1986, l. 730). Faucher echoed this same view when he said that the "PR function is, as far as I'm concerned, is what sustains the interest in your stock... The only way to bring the amount of the stock up is to, first of all, make good earnings and [then to] make some PR on your stock... It's got to be in everybody's mind" (R. Faucher, 1986, l. 1980).

Evidence of proactive behaviours by GTC to enhance its PR activity was presented in two situations: J. Aubert described how they arranged a meeting with some major Toronto investors when they realized they had two hours available in their scheduled trip to Toronto. In the other situation, Faucher described how they anticipated questions as part of their preparations for public presentations: "I know all the questions. We have an annual meeting this year. I can look at the [financial] statements, I'm going to come out with 10 or 20 questions that they probably will ask. We always prepare a list of things and I say to Rémi, here are the answers, because they're going to come" (R. Faucher, 1988, l. 2086). Furthermore, they also went to public presentations of their larger competitors "to see how well organized companies present their things" (R. Faucher, 1988, l. 2142).

Stock analysts who worked for brokers and who followed GTC on a regular basis were well received. Journalists were seen less positively: "We've learned that when you talk to a journalist you have to beware... But the analyst in the business community is a person who is very straightforward... He's trustworthy" (R. Faucher, 1988, l. 295). When the company recieved some bad press from a journalist at Le Devoir, they acted on this by inviting the journalist to the company "to see what the problem was because he was saying things that weren't true" (R. Faucher, 1988, l. 2112). The situation was resolved.

These PR activities were time consuming, especially at the top executive level: "People on the analyst side of the investment community they relate to two or three individuals, not more than that... Who people see and talk to is Marcoux and Faucher all the time" (R. Faucher, 1988, l. 2240). Faucher estimated 25% of his time was spent on PR (some 15-20 hours per week), and on the one occasion when they reported relatively weak quarterly results, the time devoted to PR increased dramatically: "After we published our third quarter [1987] I spent here 6 or 7 days over the phone, only on the phone with analysts, because they were upset" (R. Faucher, 1988, l. 2488).

Rémi Marcoux, as President and CEO, had a different PR role than R. Faucher, but it too had become time consuming: He provided his diaries from March, 1983 and March, 1986 as a factual basis for analyzing how his activities had changed during this period. This non-interview data was used to identify that there were at least five different presentations related to the public image of GTC in 1988 that were not part of the 1983 (pre-IPO) period. In addition, R. Marcoux stated in this interview that he was writing up all his speeches on his own, another time consuming activity.

The new importance of PR in GTC was clearly a function of becoming public, and significant attention was devoted to these activities. This is essentially what was expected, but what was not expected was the way company information systems had to adjust to satisfy the needs of this PR function. Robert Faucher, as V.P. Finance and one of the key contact people for outsiders, expressed several times in both the 1986 and 1988 interviews that you need to know the answers to outsiders' questions:

- "You have to have those numbers in your head all the time. You have to have the right answers to the questions. You have to know... It creates a different type of pressure because you have to answer their questions and you can't lie" (R. Faucher, 1986, l. 1344).
- "You don't want to look like somebody who doesn't know things" (R. Faucher, 1986, l. 2661).
- "All of a sudden I have to know everything because that's the guy they're calling... I need to answer and I can't say to the person, I don't know, I look stupid" (R. Faucher, 1988, l. 1908).

These demands for information meant that "we have to have formal communication between each other because I'm the one getting the questions, I don't know what to answer" (R. Faucher, 1988, l. 1922). Faucher cited as an example a situation in which he was asked by an outsider to comment on an acquisition about which he himself had not yet been informed.

GTC, as a private company, was "always before very very low profile... We don't make waves" (C. Dubois, 1986, l. 573). The first transition, then, was to adjust to the public exposure. "When you become public, you undress a little bit" (C. Dubois, 1986, l. 43). At the same time, it became important for all GTC owned companies to use the GTC name. As a result, "we changed our name of Publication Les Affaires to Publications Transcontinental" (R. Marcoux, 1988b, l. 2972). The same type of change took place in all the other divisions so that all GTC owned companies carried the GTC name. Although not considered a big change, this reorganization of company names was the result of the IPO and reflected a growing concern for the corporate image. The company evolved from an unknown, low profile, private company to one that began to cultivate communications with its investor public, developing a public image that was "fairly strong with certain groups of the population" (J. Nepveu, 1988, l. 485), and then looking ahead to "put down on paper a communications plan geared not only to financial markets, but to a public image for the company" (J. Nepveu 1988, l. 471).

In summary, the PR function was investor-driven, with stock analysts treated as a significant communications channel. The company was proactive in developing PR activities and a significant amount of top executive time was spent in promoting the company. The need to provide consistent and accurate information to the public led to more formalized communications and reporting so that those talking to financial analysts, journalists, or other outsiders were always up to date with accurate information about company activities. The role of PR had evolved from one of developing investor interest (1986) to one of developing a stronger corporate image in the general community as well as in the investor community.

Changing Information Needs

The IPO model suggests that company information systems may have to change in order to satisfy the reporting and disclosure requirements of a public company. In the case of GTC, the response was mixed; some admitted changes, but some claimed there were none. The 1986 interviews indicated the following changes:

- "We are investing heavily making sure that all the clerical functions will be fully automated" (J. Aubert, 1986,l.268).

- "We brought in a lot of PC's. We've made a lot of development on Lotus, corporately speaking" (R. Faucher, 1986,l. 2602).
- "Now it's different. We are doing a consolidation and they [the auditors] are doing the auditing" (R. Faucher, 1986,l. 2958).
- "There are now a good 12 to 15 [reports generated that were not done before the IPO]" (R. Faucher, 1986,l. 2981).
- "You need more control, you need more information... When you have 20 entities there's got to be some kind of system that puts all these things together" (R. Faucher, 1986,l. 2315).
- "New information is available like, the number of employees at definite dates by division. Things that we didn't have before. Number of, total capitalization to date, that we didn't have before... Statistics on personnel, that we didn't have before... Consolidation-wise we have a lot more information than we had before because we weren't consolidating the results before... There's all kinds of statements coming out, or documents coming out that weren't available before" (R. Faucher, 1986,l. 2541).
- "There were budgets before, but again, they were not consolidated. So now they're all consolidated by plant and consolidated for the whole company. New acquisitions, corporately speaking, consolidated, new financing, new employees to hire. All these things weren't done before. Some of them you need, some are because you have to give some information to the public. Some of them you want to have because you want to be able to answer some questions or because at one point in time you felt that you needed that because you were put into a situation where you didn't know and you say, 'never, no more'" (R. Faucher, 1986,l. 2573).

The 1988 interviews showed how the demands on the company's information systems had grown as the company had grown:

- "We have too many companies. It has to be done by computer. So doing it by computers means you have to have the same database so we're working with that right now. We're going to spend a million dollars this year just in trying to sophisticate our management information systems" (R. Faucher, 1988, l. 529).
- Cam Gentile, the new President of the printing division, "has got $200 million under him. He needs a controller, an advisor, he can't come to me every day. He doesn't want to work like that. He's been at Domtar with past experience, he needs his own corporate [staff]" (R. Faucher, 1988, l. 910).
- "One of the main changes was to identify very precisely profit centres as such and to work in a profit centre system which was not the case previously" (J. Nepveu, 1988, l. 322).

On the other hand, some statements pointed out areas where there were no important changes in the company's information systems at the time of the IPO:

- "In terms of hardware, it didn't need anything else, anything new" (C. Dubois, 1986, l. 612).
- "We didn't really bring in computers. We were not bad on computer development" (R. Faucher, 1986, l. 2598).
- "Annual reports, of course, are done regularly. It didn't change anything" (R. Faucher, 1986, l. 1122).
- "The quarterly report, between you and me, is not a big deal. Whether you prepare monthly numbers or quarterly numbers, it's all the same thing... With the quarterly, you have to come out with a balance sheet, you have to come out with a source and use of funds. So a little more gadgets but it's not all

that great" (R. Faucher, 1988, l. 460).

- "No [we didn't have to make any changes in reporting our information systems as a result of the IPO]" (R. Marcoux, 1986, l. 1540).

Overall, it is abundantly clear that new information had to be gathered and reported (e.g., personnel statistics, quarterly consolidations) and that the information systems had to expand in order to satisfy these needs (e.g., $1 million planned in 1988 to upgrade computer systems and databases; a new corporate structure for Cam Gentile so he could have the information he needed to run the printing division). At the time of the IPO, however, some of these needs were not as evident as they became later, especially with the increasing size of the company.

Bureaucratisation and Formalization

There were a variety of new functions that, taken together, increased the bureaucratisation and formalization of the company: There are new legal formalities, there is a restructured Board of Directors with outsiders on it, and there are reports required by the stock exchanges, the securities commissions, and the governments. Board of Directors' meetings become more formalized (the pre-IPO Board was quite informal). There was also an increasing number of companies within the GTC group, and each required its own minute book and legal reporting. The annual meeting was also a new activity that they had to learn how to organize and manage. These requirements "created pressure because, again, it's something new" (R. Faucher, 1988a, l. 1900). In 1987, they hired Jacques Nepveu as Corporate Secretary to handle these functions. He took responsibility for sending out proper notices for Board meetings and keeping other legal formalities in order. A review of the corporate Minute Book provided non-interview data to support these new functions: In the pre-IPO period, almost every recorded meeting included a waiver of the required notice of meeting, whereas in the post-IPO period, these notices were sent in advance for almost every meeting reviewed.

One result of the new information requirements and the increasing formality was the observation by a plant manager (M. Vachon) that "deadlines are strict now" (M. Vachon, 1988, l. 347). Another result was the need for more discipline in satisfying these requirements and, as the executives became more and more busy, the creation of a top level Management Committee to meet every month because they were no longer able to meet and communicate informally.

The capital budgeting process became more structured and formalized. Since "there's a lot more going on and the amounts concerned are much more too, we do it with more discipline" (R. Faucher, 1986, l. 2792). Capital requests were presented more formally and the Board of Directors became involved in approving the capital appropriations.

Formal planning was also being introduced as a new function for the first time. Planning in the minds of the owners (pre-IPO) was replaced by statements of corporate objectives and desired directions for growth. In 1988, efforts were beginning for a more elaborate, 5-year plan. This movement towards increasing documentation was evident in other areas as well, because there was "a necessity to start writing more things down to circulate the information to new people... We needed to get better organized and disciplined insofar as written information and passing that information along" (C. Dubois, 1986, l. 750). C. Gentile, President of printing in 1988, had started to ask his managers to prepare written justifications to support their budget requests. Overall, "the paperwork in the company changes. There's a lot more" (R. Faucher, 1986, l. 3906).

The need to have information available to respond to outsiders' questions, and to control who speaks to outsiders, created new rules. On the one hand, "you don't want to look like somebody who doesn't know things" (R. Faucher, 1986, l. 2661), and on the other hand, you have to make sure that all those speaking to outsiders say the same things. There was also "a policy that we don't answer anything over the phone" (R. Faucher, 1986, l. 2710). The result is that "we have to have formal communication between each other because I'm the one getting the questions, I don't know what to answer" (R. Faucher, 1988, l. 1922).

New activities and new responsibilities also brought an increased role for outside professionals - directors, lawyers, auditors, stock brokers, and PR firms. In addition to increased costs for these professional advisors, there is a need to coordinate and regulate their activities.

Bureaucracy and formalization were seen as a basis for successful decentralization: "You have to install some sort of bureaucracy in an organization that reaches the size that ours has reached" (J. Nepveu, 1988, l. 337). There are more meetings and more structure in order to coordinate a larger group of managers.

In sum, it is clear that the requirements of a public company worked hand in hand with the imperatives of a growing organization for more structure, formality, and rules.

Delegation and Decision Making

"The key transition, I think, has been the delegation aspect of becoming a larger corporation. And the discipline that goes with that" (C. Dubois, 1986, l. 1533). So spoke C Dubois, one of the managing partners, in 1986 In his view, the greatest challenge since the IPO was to develop new managers who would understand their entrepreneurial style ("quick moving, flexibility, imagination" [C. Dubois, 1986, l. 1548]) and still respect the structure and discipline required of a fast growing and public company. The act of going public made them realize that "we've got to bring in some new people and delegate authority, delegate power" (C. Dubois, 1986, l. 1362). Their commitment was both stronger and clearer as a result of becoming public.

With or without the intention to delegate, delegation occurred. The executive time commitment to the going public process and then to their expanded function as officers of a now- public company meant that they were simply not available to participate in decisions to the extent that they had before. M. Vachon, a plant manager, saw some of the new public relations activities of Rémi Marcoux and commented that, "if he's there and he's got to prepare that, then he's not somewhere else. So somebody else has to do it for him" (M. Vachon, 1988, l. 398). As a result, managers like Vachon started to make decisions on their own when they could no longer wait for head office to make these decisions as it had done before the IPO. Thus, there was 'delegation by default'.

Increased workload lead to the creation of some new positions. In 1986, Faucher stated that he had created a new VP position in charge of the printing division. The printing plants stopped reporting to R. Marcoux because "Marcoux just couldn't take it no more" (R. Faucher, 1986, l. 3525). Thus, new managers took on more of the operating responsibilities as top management became more executive. The review of R. Marcoux's diaries of March, 1983 and March, 1988 showed clearly that as President and CEO, he was meeting with his divisional presidents and not his plant managers, and he was spending a lot more time dealing with the public and with the growth of the company. Despite working more hours, delegation was inevitable.

The increased workload lead not only to delegation but also to reduced contact among the top executives themselves. The informal contact that allowed them to share in decision making was no longer possible. A formal structure was created in its place - a Management Committee to meet monthly to discuss the operations of each division and to consider other issues important at the corporate level.

Finally, certain decisions were undoubtedly influenced by their possible impact on the stock price. The desire to show quarterly improvements to shareholders was certainly present, at least for R. Marcoux. In his words, "being a public company produces lots of pressure on you on short term results, that's what I find... Shareholders are waiting for an increase every quarter, so it's tougher for me" (R. Marcoux, 1986, l. 712, 2008).

Delegation became an increasingly important management skill. The way the top management responded to this need is described in the section entitled, The Management Style Code.

Role Changes - R. Marcoux and R. Faucher

Delegation resulted partly from the need of executives to "download" some responsibilities as new ones were thrust upon them. Marcoux and Faucher, the two most involved in the IPO process and also the two most involved in dealing with outsiders after the IPO, saw their roles change quite substantially.

Rémi Marcoux, as President, CEO and founding entrepreneur, became a spokesperson for the company:

- "He [Marcoux] has to promote the company now" (M. Vachon, 1988, l. 407).
- "Rémi is perceived as a leader in the community... You have to be visible" (R. Gagnon, 1988, l. 848).
- "In the French community of Québec he is a well-known person now. He's part of many organizations that deal with politics, commerce, you name it. So it takes a lot of his time" (R. Faucher, 1986, l. 1873).

Marcoux's own description (in 1986) of his main functions included investor relations as his only new function since the IPO. The March 1988 diary showed some 5 different meetings or presentations having to do with the public image of GTC, while there were none of these in the March 1983 diary. Further, he handwrote all his speeches because "I don't like to make speeches so I don't take a chance, I'm writing everything" (R. Marcoux, 1986, l. 2126). Clearly, the new role as company spokesperson became quite time consuming.

Rémi Marcoux, as the driving entrepreneurial force of the company, "is picking up a lot of responsibilities right now" (R. Faucher, 1986, l. 3274). By his own admission, "right now I'm involved here in everything. I can't do everything... [even though] I'm working more than I was working before" (R. Marcoux, 1988b, l. 3-1871, 2282). Comparing his March 1988 diary with his March 1983 diary showed more time spent exploring opportunities for growth, for acquisition, and for financing. His involvement in day-to-day operations had been replaced by more structured committee meetings with more formal reporting.

R. Faucher, as V.P. Finance, saw his priorities shift away from supervising all the accounting activities to learning about stock exchange regulations and dealing with stock analysts and journalists. This latter aspect created new pressures to "have the right answers to the questions" (R. Faucher, 1986, l. 1351). Stock analysts "don't know the business, but they know your numbers. That's the area where you knowing the business, have to give them the explanation on the numbers" (R. Faucher, 1986, l. 1400). Despite the fact that R. Faucher stated that "these types of reflexes, as far as I'm concerned anyway, are not natural to me" (R. Faucher, 1986, l. 1357), he still estimated that "I'd say 25% of my time is spent on the phone talking with [the investment community]" (R. Faucher, 1988a, l. 243). This, in turn, forced him to become more public outside the company and made him realize that "I can't be operational anymore because I have to be out of the office often" (R. Faucher, 1988a, l. 1991). He also became more involved in both acquisition and financing activities in support of the company's high rates of acquisition and growth. He was screening potential acquisitions and analysing the more interesting files prior to company visits, negotiations, and financing. Thus, he, like Rémi Marcoux, had to move away from the operational involvement he had before the IPO. In his words, "now you are working with the future and you want the day-to-day tasks to be done by somebody else" (R. Faucher, 1988a, l. 2033). "Let's say, the job itself is developing into something that is more interesting than before" (R. Faucher, 1986, l. 4087).

Summary

The new functions of GTC as a public company go beyond simply meeting the new legal requirements. Information has to be gathered and presented in new ways, public relations takes on a new and significant importance, the organization becomes more bureaucratized, and the formalization of the organization supports delegation and a more structured decision making function. Company management did not identify all these new activities spontaneously during the interviews; rather, they were pieced together from an indepth analysis of the interview transcripts. Nonetheless, the most significant changes are not directly evident in this list of new functions. The most significant changes had to do with the people in the company, how their jobs were defined or redefined, how their roles and responsibilities changed, and how they had to adapt their behaviours to meet the new requirements of the public GTC. It is easiest to identify the major role changes for Marcoux and Faucher, but it is equally important to recognize that changes were also required of those who now had to take on the functions and responsibilities formerly carried out by these two men.

The Decision Making Code

The code definition that was used to guide the coding of the transcripts for the Decision Making codeword read as follows:

> Decision making: Anything clearly related to the process of deciding what to do. Includes any information about how decisions are made, how they are delegated, who is involved, how long they take, and how decisions may have changed as a result of becoming public.

Sixty-four segments were coded to Decision Making; it was used in 12 of the 13 transcripts (92%). Subsequent sub-coding generated 88 segments in seven different sub-codes. The interpretation of these sub-codes showed that decision making activities continued to show strong elements of entrepreneurial, fast, and action oriented behaviours, while at the same time they became noticeably more cautious and conservative, with a more short-term orientation and, in many cases, a longer decision time. These facts, combined with the new concern for outside shareholders and their interests, lead to clear indications of both increased formality in decision making structures and increased consultation in the decision making process.

Entrepreneurial, Fast, and Action Oriented

Reports of the entrepreneurial nature of decision making as fast and action oriented were somewhat mixed, depending largely on the perspective of the person doing the reporting and on the time of the interview (1986 or 1988). There was, nonetheless, a concensus that the company remained able to react quickly with the required decisions and actions: "Decisions are taken quickly here, that's the fun of things... We don't go through many committees to go for decision making. Essentially, decisions are taken quite rapidly" (J. Aubert, 1986, l. 312). R. Gagnon reflected this same observation in 1988 when he stated that "The first thing that is quite different [from Domtar] is the pace of decision making. Here it's quite fast compared to anything I was exposed to before" (R. Gagnon, 1988, l. 75).

Decisions can be made rapidly when "a small number of people can make decisions" (J. Aubert, 1986, l. 1079). C. Gentile indicated that "the planning is in the minds of the owners" (C. Gentile, 1988, l. 838). He also indicated that the owners still handled all major decisions, contracts, and supply arrangements. "Definitely, right now, all the decision making is very focussed, it's still Mr. Marcoux really that makes the capital decisions. We don't have the discipline yet to distribute or delegate that" (C. Gentile, 1988, l. 180). In a word, "he [R. Marcoux] calls the shots" (C. Gentile, 1988, l. 216). "[He acts extremely quickly] once he feels convinced about the situation" (R. Belair., 1988, l. 584).

Several examples of quick decisions were provided:

- R. Belair described how he acted once he had the authority and support to solve some of the problems in their TPS company: "I knew what the problem was and in one month after I was here I took all the decisions that should have been taken. I had everything down on a piece of paper. I told them, Cam and Rémi, I said, 'Look, firstly I do this, secondly I do this and bet you there is a profit in the next month.'" (R. Belair, 1988, l. 546). This attitude towards acting on problems was also evident in his clear frustration at the length of time it took to establish the required authority and support in this TPS situation: "Somebody has to take the decision... You take the decision, you live with the consequences... I knew what to do, exactly what to do. I needed the authority" (R. Belair, 1988, l. 628).

- R. Gagnon described the decision making process for establishing the company pension plan: "It was the first meeting of the three presidents of each sector, myself, the V.P. Finance and Rémi. I asked at this meeting to present a proposal for the total pension... In a meeting of two hours I came out of the meeting with an OK for a pension plan for the total company and also what type of pension and what budget... My previous experience would have been three years to take a decision like that" (R. Gagnon, 1988, l. 136)
- The ratification of R. Gagnon's human resource plan was also resolved quickly: "I prepared that and I sat an hour and a half with Rémi Marcoux to check with him, in terms of management philosophy, if I was in line with him. I think he changed just one thing... We presented that and discussed that in the Management Committee meeting Monday. It took an hour and that's it, it's finished" (R. Gagnon, 1988, l. 362).

A somewhat different view was expressed by C. Dubois and R. Faucher when they indicated that the decision process had become more involved than it was before the IPO. The responsibilities to shareholders was one new dimension: "Usually we used to just buy the company and then say let's forget about it, let's go. Now it's important to let the public know that we did it, how it fits, ... what it may do, and what we do envision with it and what are the benefits" (C. Dubois, 1986, l. 655). R. Faucher described how the decision making process itself had changed: "Before, you are all the three of them together and talking and Rémi says, 'OK, we're doing this and that's it.' That's the Board meeting, he's 51%... So it's not the same thing at all [now]. While now I've seen Board meetings where some of his partners were not necessarily in agreement with him at some presentations... You get into discussions - why, when and how, sometimes it's easy, sometimes it goes on for hours" (R. Faucher, 1986, l. 2346, 2439). P. Brunet, an external member of the Board, did not agree: "No, no [decisions do not take longer because of the Board] because now you'll call the Board very fast and get it approved. That's not a problem" (P. Brunet, 1986, l. 149).

The different views and perspectives almost certainly reflect a company in transition as much as they reflect individual differences. GTC had very strong entrepreneurial roots, and R. Marcoux remained a very powerful force in driving the company; at the same time, the pressures of public responsibilities, growth, and the demands of new managers were moving the organization towards more delegation and formalization of the decision making.

Cautious and Conservative

There was a consistently expressed view that decisions had become more cautious and conservative since the IPO. This was stated more frequently in 1986 than in 1988 (six of 11 comments sub-coded as Decision Making: Conservative were from 1986). The majority of the text segments (6/11) in this sub-code were statements by R. Marcoux himself, the central decision maker in the company and the person probably best able to discern these shifts in decision making style.

The statements made in the interviews were direct, brief, and self-explanatory:

- "We are certainly more careful" (J. Aubert, 1986, l. 406).
- "You are much more cautious or less riskier once you become public" (J. Nepveu, 1988, l. 46).
- "As far as more conservative, to a certain extent, yes" (J. Nepveu, 1988, l. 139).
- "I think it's forcing Rémi to be a little bit more conservative... Because he has to go in front of the public" (C. Gagnon, 1988, l. 1305).
- "[I'm] lots more [cautious about the moves I make], I can tell you that" (R. Marcoux, 1986, l. 723).
- "Today we have to put on paper our capital budget and to live with it" (R. Marcoux, 1986, l. 1606).
- "Yes, [I'm more conservative] because we've got to take care of earnings for

our shares" (R. Marcoux, 1986, l. 1810).

- "Today we've got to be more careful... We check more, we take more time, you know, we are more cautious and we are concerned about the image of any acquisition, the public and so on" (R. Marcoux, 1986, l. 1880).
- "Yes, I'm more, you know, je suis plus prudent" (R. Marcoux, 1986, l. 1998).
- "There is a good point of that too because instead of just doing something on impulse you have to think a little bit more because you will have to defend, you will have to sell why you are doing that to your Board... You pass more time to think about developing your arguments. You've got to develop what's the plus of it, what's the minus of it and so on" (R. Marcoux, 1988b, l. 3016).

R. Marcoux saw this evolution to a more careful consideration of decisions as positive, although he admitted that the transition was not an easy one: "It's different. It's tougher for me, but it's different. And it's good... Yes, [we make better decisions]" (R. Marcoux, 1988b, l. 3030).

C. Dubois, on the other hand, explained how decisions might have become *less* cautious as a result of the IPO and the pressure to show good results every quarter: "If you feel that you have to make a move to grow one segment of the enterprise and you need to make a move, it may happen that you jump too fast on a deal... The danger is to go too quickly at times and jump on occasion, or devote too much attention on making things happen. Whenever you do that, you lose control of your negotiation power" (C. Dubois, 1986, l. 1035). He felt that R. Marcoux might "make a decision more quickly because of this new dimension of public pleasing" (C. Dubois, 1986, l. 1318).

J. Aubert also suggested that as the company grew it could undertake more risks without such great concern for the impact on quarterly results: "As we're getting [bigger and] more diverse, we're able to take more risks, and we're taking them... Because it has less of an impact on our quarter" (J. Aubert, 1986, l. 620).

Short Term Orientation

"Being a public company produces lots of pressure on you on short term results, that's what I find" (R. Marcoux, 1986, l. 712).

R. Marcoux was well aware of the impact of quarterly reporting on shortening the timeframe of decisions. In 1986 he indicated that, "Being public, shareholders are waiting for an increase every quarter, so it's tougher for me... Today I'm concerned about that [an investment that looks good in the longer term but will drain short term profits]... Because I'm concerned about the share price" (R. Marcoux, 1986, l. 2007). He went so far as to say that "there are some programs which I have not decided yet, but I think it will be a report [no-go]... Because it's too costly short term" (R. Marcoux, 1986, l. 2025). In 1988, when asked about the impact of quarterly reporting, he replied, "Pressure, pressure, pressure... Yes, [it increases the focus on the bottom line]" (R. Marcoux, 1988b, l. 2807). He went on to explain how in acquisitions the cost is recorded as a capital investment that does not affect earnings, while the new company's operating income makes an immediate contribution to profits. He compared this to internal development (new startups) which drains profits because startup costs are charged as expenses that reduce profits. His conclusion: "I have no choice. I have no choice, you know, it's more important, acquisitions, than internal development" (R. Marcoux, 1988b, l. 2076).

C. Dubois concurred with R. Marcoux's appraisal of this reality: "Yes [there is more of a short term orientation]. In some ways that is true... He [R. Marcoux] is very concerned and very dedicated to show the shareholders a profit... In that respect, it has created this new dimension of short term" (C. Dubois, 1986, l 184). He went on to contrast this with his own view: "I'm more concerned with the long term, long range future for myself and for the company" (C. Dubois, 1986, l. 995).

J. Aubert, J. Nepveu, R. Gagnon, and C. Gentile all reported this short term orientation:

- "That's the problem with North American companies and not only our own It's that it shortens your time span" (J. Aubert, 1986, I. 581).
- "You are much more cautious or less riskier once you become public.. Because it's other peoples' money and because they're looking in every three months" (J. Nepveu, 1988, I. 46).
- "I think the pressure on the profit is larger... You can't have a big variation from one quarter to another... They are thinking in those terms, to keep the credibility [with shareholders and the financial community], to respect their commitments" (R. Gagnon, 1988, I. 1836).
- "They are a little bit more concerned about what the bottom line is... Now it's quite obvious that Transcontinental, GTC, has to be perceived well by the marketplace. *It is important that we come out with good quarterly statements results* (emphasis added).. I think he's [R. Marcoux] starting to be concerned that by making that decision [to start a new company]... he has to put some seed money, he's going to take some money out of the bottom line and he's trying to get a decent quarter result. *There's conflict now* (emphasis added)" (C. Gentile, 1988, I. 1268, 1354).

The increasing short term orientation is well substantiated; at the same time, C. Gentile stated that "I haven't seen him [R. Marcoux] change a decision because of the short term implications" (C. Gentile, 1988, I. 1376). J. Nepveu echoed this observation: "I don't think decisions have been taken to boost the results on a quarterly basis. That is certainly not the case" (J. Nepveu, 1988, I. 143).

Slower Decision Making

R. Faucher indicated in 1986 that: "Decisions are a little slower to be taken, but it has its positive aspects too When I say slower, before [the IPO] these kind of expansion decisions were taken overnight... [Now] it takes a little longer, that's all. But, again, I think it's a better way of doing things because you get more people to think about a decision that you have to take and you have less chances of goofing when you're seven heads taking a decision instead of just one" (R. Faucher, 1986, l. 3575). Furthermore, the situation had changed as the company had grown: "Company directions are different. Before you were dealing with hundreds of dollars, now you are dealing with hundreds of thousands of dollars, so it makes a difference. You were taking three decisions before during the year and now you're taking ten... So it's different, it's really different" (R. Faucher, 1986, l. 2368).

R. Faucher explained in 1988 that there were more major decisions and they could no longer be made by one or a few people. He said that "before, a new press was a celebration when we used to buy a press in a year. Now we buy four in a year and it's $5 million each, so I mean, we spend more time, because we are not part of the decision. It is coming from underneath and we don't know... You ask questions because you don't know. Before you had the knowledge, you were the decider. No more. It's done by managers now" (R. Faucher, 1988, l. 131). Thus, it appears that the larger organization, with more levels of decision making, could not avoid a longer decision process.

R. Marcoux's perspective was a bit different. He did not feel the decision making took longer, although the process of ratifying decisions for acquisitions was more complicated: "[An acqusition could take] maybe one week more, but not really, it [just] takes more paper [to get approvals from regulatory bodies]" (R. Marcoux, 1986, l. 1780).

Shareholder Concerns

"The overall fact of shareholders that are a part of your company, the notion of having new partners that you wish to please, and wish to [have] content, is a new dimension into the decision making process" (C. Dubois, 1986, l. 1095).

Several comments supported the view that this concern for shareholders affected decision making, although the specific impact was not clearly described. R. Marcoux stated that "before taking on this [IPO], we were our interests. Today, in any move, it's our own interests plus the investor" (R. Marcoux, 1986, l. 1826). C. Dubois explained the same view: "We used to just buy a company and then say let's forget about it, let's go Now it's important to let the public know" (C. Dubois, 1986, l. 655). C. Dubois went on to say that "He's [R. Marcoux] concerned. I'm sure that in his decision making process, it is a point that needs to be catered to" (C. Dubois, 1986, l. 1016). The attitude seemed to be that "you live in a perspective that is wider, different, and we have created [for] ourselves a certain amount of pressure on this... It's an additional amount of pressure that you have in there, and it certainly along the way affects your decision making process" (C. Dubois, 1986, l 1152). There was, at the same time, a sense of identification with the shareholders: "We are proud to be associated with our product and we feel that the shareholders are the same too" (R. Marcoux, 1986, l. 1895).

The only specific impact on decision making of this concern for shareholders seemed to be the impact of the stock price on decision making (see the preceding section on Short Term Orientation and the section on the Stock Price Code: Stock Price). R. Marcoux stated simply that "we've got to take care of earnings for our shares" (R. Marcoux, 1986, l. 1810).

Increased Formality in Decision Making Structures

The transition from entrepreneurial, fast, and action oriented decision making to more cautious and conservative decision making was influenced by a concern for shareholders and for quarterly results. This transition brought increased formalization and structure to the decision making process. This theme of formalization and structure as the company became public and grew rapidly is a recurring one; it is also evident in the Board of Directors code (see The Board of Directors Code: Formalization of Decision Making) and in the Organization Structure code (see The Organization Structure Code: Bureaucratization). J. Aubert indicated that there was "more formalization of some of the decision making" (J. Aubert, 1986, l. 896). M. Vachon agreed: "Now it's more formalized" (M. Vachon, 1988, l. 463).

One important dimension of this new formality was the increased documentation of decisions:

- "Today we have to put on paper our capital budget and to live with it" (R. Marcoux, 1986, l. 1606).
- "The difference is... We've got to put that on paper to present to the Board. And before, you know, I could say because of that, they do that and so and so and that's it" (R. Marcoux, 1986, l. 1793).
- "We had to come out with a file explaining [the proposed acquisition to the Board]... Everything had to be justified" (R. Faucher, 1986, l. 3322).
- "It's something that you have to go through every three months [the Board meeting] and it's sometimes long. It's always, you have to come out with numbers and documents and analyse this and whatever it needs to take the decision" (R.Faucher, 1986, 2433).
- "We started to write plans down [since the IPO]... We had to lay it out in a more disciplined and organized written fashion" (C. Dubois, 1986, l. 704).
- "It's still the same decision process other than going to a Board as I told you and documenting that decision more than we used to" (C. Dubois, 1986, l. 836).

The influence of the Board in creating a more formally structured decision making hierarchy was evident in the 1986 interviews: "Before we were deciding that ourselves. Now we have to go through the Board to get their authorization" (R. Marcoux, 1986, l. 1516). (See also the Board of Directors Code: Formalization of Decision Making).

Budget setting, described in a similar way by both C. Gentile and R. Marcoux, illustrates the increased structure in this important decision making process. C. Gentile explained that "each profit centre was asked to provide the budget for 1988... We [the Management Committee] sat down and consolidated all those requests... [And then we] looked at what should be priorities" (C. Gentile, 1988, l. 360, 736). R. Marcoux's description of this process was more detailed:

> At the end of each year we meet each of our key people in each division... [They] present their program for the next 12 months. OK. When all these meetings are over, the GTC Management [Committee] sits together, everything is put together and now the decision is taken... Usually at that meeting we fix the rules for the next 12 months... This is the result of our meeting, this document has been presented to our Board [a written plan for each division]. But that's the final product from the planning meeting (R. Marcoux, 1988b, l. 340).

This three-step decision process (Division, Management Committee, Board) replaced the pre-IPO one-step process (owners plus one or two key executives). The difference, according to R. Marcoux, was that "it takes longer, it's more formal, but the difference, you know, is that more people are involved" (R. Marcoux, 1988b, l. 605). Thus, for R. Marcoux, there was some change in the decision making process: "I've got to bring that to the Management Committee and the Board... That's right [if we were not public, I'd just do it]" (R. Marcoux, 1988b, l. 2899). The results, however, were seen in a positive light:

> There is a good point out of it too, because instead of just doing something on impulse you have to think a little bit more because you will have to defend, you'll have to sell why you are doing that to your Board... It's different. It's tougher for me, but it's different. And it's good. ... Yes, [you make better decisions], you pass more time to think about developing your argument (R. Marcoux, 1988b, l. 3016).

Increased Consultation

The growth in the GTC organization after it became public increased the number of required decisions beyond the capacity of the owner/managers and their few key executives: "We're all over the bloody place [Canada and the U.S.] so you have to delegate, you have to... You have to hire a general manager who can make decisions" (C. Gentile, 1988, l. 877). This delegation imperative is described and analysed in more detail in the section on The New

Functions Code: Delegation and Decision Making as well as in the section on The Management Style Code: Delegation and in the section on The Organization Structure Code: Delegation and Decentralization.

The fact that delegation is evident in four different codewords attests to its importance in the development of GTC. C. Dubois stated clearly that "delegation, changing the structure of power, was the key thing to me... The key transition, I think, has been the delegation aspect" (C. Dubois, 1986, l. 1482, 1533). His partner, R. Marcoux, was reported to be more willing to delegate responsibility after the IPO (see P. Brunet, 1986, l. 305).

The evidence indicates not only that the decisions were being made at more levels of the organization (delegation), but also that more people were involved in the executive decisions that had always been made by the owner/managers themselves. M. Vachon stated that "it's more teamwork now than it was before" (M. Vachon, 1988, l. 206), while J. Nepveu pointed out that "Mr. Marcoux and Mr. Dubois still represent the main thrust of development... Although we participate in decisions" (J. Nepveu, 1988, l. 188). R. Marcoux was reported to be "taking more time now, he's consulting a lot" (R. Faucher, 1986, l. 1928). R. Marcoux himself admitted the change in saying that "we've got to talk now, and before it was easy to decide, we were three partners and that's it" (R. Marcoux, 1986, l. 1857). Decisions that used to be made by the three partners now involved more people: "[It's] still those three plus at least a couple of persons, plus the Board" (R. Marcoux, 1986, l. 1793). In fact, the Management Committee, set up after the IPO, became the highest decision making body below the Board, and it comprised the Head Office executives and Division Presidents along with the three partners. This new decision making structure automatically increased the amount of consultation.

The decision to reorganize the TPS company and the role of Ronald Guillemette (the founder of TPS) was an incident that clearly demonstrated the consultation and consensus seeking that took place. R. Belair described it this way: "I could see he was going to ask me something and I said, 'Rémi, don't worry, I'm going to TPS', or something like that... I read his mind, but also, I spoke to Cam [Gentile] the day before and we were both coming to the same decision" (R. Belair, 1988, l. 595). Cam Gentile described the same incident as follows:

> Rémi said it's not going well... What we did was Roger [Belair] and I met with this individual for nine hours... And the next day, when I came back, I saw Rémi and I said, 'It's OK, I think Roger will do it. Go ahead and finalize with Ronald [Guillemette], we have a game plan.' Rémi just confirmed it and Ronald Guillemette was very pleased because of the involvement (C. Gentile, 1988, l. 1016, 1047).

The Board had become important in this consultative decision process: "Rémi still consults a lot with his partner Claude mostly. But I think he brings the dossier, the file, to the Board" (R. Faucher, 1986, l. 3418). The Board's influence in increasing the documentation of decisions was noted earlier in this section and it is also noted in the section on the Board of Directors code. The incident in which an acquisition decision was reversed as a result of a Board meeting further illustrates both the increased consultation in decisions and the benefit of this more involved process (see the section on the Board of Directors Code: The Changed Decision): "They decided to follow the counsel of the Board, and I think we've proven to be right on that one" (P. Brunet, 1986, l. 135).

Summary

This analysis of the Decision Making code demonstrates clearly a company in transition. Decision making behaviours that had previously been highly centralized and entrepreneurial, fast and self-serving were being altered as the company grew and matured. Delegation became unavoidable, if difficult; more people were involved in decision making; and the process became more structured, formalized, and time consuming. The concern for shareholders' interests combined with the pressure on short term results introduce a more deliberate, cautious, and short term orientation to decisions. It is, therefore, clear that the key decision makers were learning to act differently as the organization was growing up.

The Board of Directors Code

The code definition that was used in the transcript coding category for the Board of Directors was defined as:

Board of Directors: Almost any reference to the Board of Directors, its make-up, role, nature of meetings, how its changed due to the IPO, etc.

Thirty-one text segments were coded as Board of Directors (5.3% of all segments coded). It was used in 10/13 transcripts (77%).

The Board of Directors code was analysed by further classifying the 31 text segments that had been so coded. Six sub-codes were used, and some of these 31 segments were further subdivided in order to accommodate more than one sub-code. The resulting 44 sub-coded segments were sorted as the basis for this analysis of the Board of Directors codeword.

The most overriding impression on reviewing these segments is that the main influence of the Board of Directors was in making decision making more structured, more formalized, and, perhaps, a bit more conservative as a result of becoming a public company. Further, the Board comes to be treated as the highest decision making authority and new inputs are brought into the decision making process. A certain amount of new discipline was required as the company formalized both communications and procedures. The extent of change is, it turns out, rather surprising given the fact that only one new person was added at this highest level of decision making. The legal, structural requirements of becoming a public company conspired favourably with the company's positive attitude to result in an improved capacity to make its highest level decisions.

Formalization of Procedures

One of the first observations is the need to follow more procedures regarding Board of Directors' communications and meetings, and to follow these more strictly. "It's a major change because it's a structured Board meeting, it happens at definite times of the year, and so you have deadlines to meet... You have to be more disciplined" (R. Faucher, 1986, l. 2336). Jacques Nepveu, Corporate Secretary, said that, "when I arrived here [in December, 1986] they never had a Directors meeting called with the proper delays" (J. Nepveu, 1988, l. 975). The fact that even in 1988 R. Faucher admitted that, "we're still today sending out documents to the Board 24 hours ahead of time and sometimes 24 hours after the Board meeting" (R. Faucher, 1988, l. 1891), does not change the fact that they had to pay more attention to these procedural formalities than in the "informal meetings like they had before, you know, on a Sunday at Rémi's place" (R. Faucher, 1986, l. 2355).

In addition to the formalization of Board procedures, they came to realize that "if you want the Directors to be well informed to get to the point, you have to organize your reporting, in particular to them, properly" (J. Nepveu, 1988, l. 593). For example, the final outcome of the annual planning meetings with each GTC division was a complete report presented to the Board for final approval:

> This is the result of our meetings. This document has been presented to our Board. But that's the final product from the planning meeting... [It includes the breakdown of all the different companies in the Printing Sector.] We got all that for each sector and so on. Our Board is well informed. What happened for the last 12 months and what will happen for the next 12 months. (R. Marcoux, 1988b, l. 393, 434).

Formalizing procedures and providing full, formal reports to the Board created an active Board, informed about, and involved in decisions:

> The Board meetings themselves, they're run four or five times a year. What we do here, we make a review of the quarter. We make a review of our results, our target, and all those things, acquisitions, new projects. We sort of make a division by division roundout of what happened in the quarter, where the problem areas are, what problems we expect, what we are going to do about things. So it runs for six or seven hours (R. Faucher, 1986, l. 2225).

Formalization of Decision Making

The Board of Directors was now treated as the final decision making authority, creating a more explicit decision making hierarchy throughout the organization. The decision making process itself was formalized and increasingly documented as reports began to be prepared to gain Board approval of decisions. The extra effort required to do these things was not, however, without reward: The deliberations over decision making, at least at the executive level of the company, were richer, yielding better decisions.

R. Marcoux stated very clearly in 1986 that the Board was the final decision making authority:

> Before doing any acquisition, it has to be authorized by the Board and any major expansion program has to be authorized by the Board... Today we have to put on paper our capital budget and to live with it, because that's what's authorized by the Board... Before [the IPO] we would say, "OK, make the deal." Right now, we say to the people of the company with which we are making the deal, "It's acceptable, subject to approval of the Board" (R. Marcoux, 1986 I. 1513, 1606, 1754).

In 1988, he reaffirmed the role of the Board as the final decision making authority when he said, "the process of taking a decision that we go through, let's say if I'm planning to do an acquisition, I've got to bring that to the Management Committee and the Board" (R. Marcoux, 1988B, I. 2896). On the other hand, he agreed that if the company was not public, he would "just do it".

R. Faucher echoed this transition to recognizing the Board as the final decision making authority: "Before he would have done it, he would have said to me, 'I just bought that, that's it, do the work.' Now, every time he makes a decision like that he will say it's always conditional to the agreement of the Board. I remember one acquisition that was turned down" (R. Faucher, 1986, I. 3349). The fact that an acquisition decision was reversed as a result of a Board meeting is in itself significant. This incident was described by three different people and is discussed in more detail later in this section (see The Changed Decision).

The hierarchy of decisions was clear (at least for top management decisions). R. Faucher described this hierarchy as follows: "More special needs [for funds] they come to me, then they go to Marcoux, and if it's major it will go to the Board" (R. Faucher, 1986, l. 2800). Major items for the Board included all acquisitions and any separate expansion plan of about $2 million or more, if it had not been part of the capital expenditure budget already approved by the Board. In his words, this was "much more different [from when we were private]" (R. Faucher, 1986, l. 2841).

One specific example of the role of the Board in establishing the decision making hierarchy was provided by R. Gagnon when he described the process he was following in order to have a decision on a new corporate-wide pension plan approved: "I will go back to the senior Management Committee at the beginning of March with the final program. I'm pretty sure it will be OK. In March I will go to the Board of Directors to have the formal resolution" (R. Gagnon, 1988, l. 185).

Another example of the influence of the Board on decision making, this time through its inaction, was provided by Roger Belair [President of Composition Contact, a typesetting company in the pre-press section of the Printing Division] when he said that, "during the year, last year, we identified on the Board of Directors [of TPS Ltd. - a graphics and photography company in the pre-press section of the Printing Division] some things to correct and they did not. Last year was a very bad year for TPS" (R. Belair, 1988, l. 450).

The impact of accepting the Board of Directors as the final decision making body really did seem to make a change in the [top management] decision making: "We refer to the Board and present our budget and the Board knows our long term, you know, we've got to talk now, and before it was easy to decide, we were three partners and that's it" (R. Marcoux, 1986, l. 1854). In fact, the Board became the place where the partners sometimes reviewed and discussed some issues for the first time: "I think he [Marcoux] brings the dossier, the file, to the Board and I don't think Claude [Dubois] knows too much about the file before the Board... Both guys are more busy than they used to be and the Board is really the place where they [can meet]" (R. Faucher, 1986, l. 3420).

Prior to the IPO there "was kind of a Board, but really informal" (R. Marcoux, 1986, l. 413). The advisors that R. Marcoux used when GTC was private (Pierre Brunet and Pierre Dupuis from outside the company and Claude Dubois, André Kingsley, and Claude Beauchamp from within GTC) became Directors: "When we went public, now it's official" (R. Marcoux, 1986, l. 425). One result of officializing the Board was that it became "structured, it's so many times a year, with agendas and so on and everything is registered [recorded]" (R. Marcoux, 1986, l. 1506).

The difference was not just the structure and procedure of Board meetings, it was also the preparation of information and its presentation to the Board for their deliberation: "The difference is, right now, when we do an acquisition or anything, *we've got to put that on paper to present to the Board* (emphasis added)" (R. Marcoux, 1986, l. 1730). R. Faucher described in more detail than R. Marcoux this new need for documenting decisions:

> All these things were done exactly like before when Rémi was private. The difference came when he presented it to the Board and explained the kind of decision he had taken, why he wanted to go there. So we had to come out with a file explaining who that company was, what kind of price tag we were putting on it, how did we arrive at that price tag. Aside from all the financial aspects of it, what was the decision to go there and why so soon, and with this company instead of starting a brand new one. ... So I mean, everything had to be justified. We had to build up a file. (R. Faucher, 1986, l. 3316).

C. Dubois was the third company executive to echo this new need for documenting decisions: "Having a Board of Directors we had to lay it out in a more organized and written fashion... It's still the same decision process other than going to a Board, as I told you, and documenting that decision more than we used to" (C. Dubois, 1986, l. 717, 836).

In fact, this analysis suggests that it was not quite "still the same decision process", but rather, that the introduction of an official Board engendered some significant changes in the decision making process. It seems clear on analysis that "there was more formalization of some of the decision making because of the Board" (J. Aubert, 1986, l. 896), specifically, the increased documentation of planned decisions.

There was also evidence to show that the decision making deliberations were richer, leading to better informed and better decisions. The Board asked questions that brought in different perspectives to the decision making discussions:

> And you say, "We're going to do this and we think this is good", and they come up with questions that sometimes you didn't even think about... You have to come out with numbers and documents and analyse this in whatever way it needs to take the decision. And you get into discussions - why, when and how. Sometimes it's easy, sometimes it goes on for hours... He [R. Marcoux] sees that very positively. Oh yes, because he gets feedback that he would never have expected. It's like new partners for him (R. Faucher, 1986, l. 2387, 2436).

The impact of the Board's different perspectives was well illustrated by the acquisition opportunity that was turned down as a result of the Board's review. In R. Faucher's words, "it raised a lot of questions. He was trying to answer those questions but it was very difficult . He decided to turn it down because he respects a lot those individuals [on the Board]" (R. Faucher, 1986, l. 374). Furthermore, the need to seek Board approval did not necessarily slow down the decision making process because "you'll call the Board very fast and get it approved. That's not a problem" (P. Brunet, 1986, l. 140). In fact, conference calls had been used to hold Board meetings on short notice and for a specific issue.

R. Marcoux himself agreed that the involvement of the Board improved the quality of decisions, though not without some difficulty for him:

There is a good point out of that too, because instead of just doing something on impulse you have to think a little bit more because you will have to defend, you will have to sell why you are doing that to your Board... It's different, it's tougher for me, but it's different. And it's good... Yes [you make better decisions], you pass more time to think about developing your argument (R. Marcoux, 1988B l. 306).

Conservative Decision Making

"We are certainly more careful... More careful because of the quality of our Directors" (J. Aubert, 1986, l. 406). The introduction of a formal Board of Directors may have influenced decision making to become more conservative than before. Claude Dubois described the change: "We all agreed, now we'll deal with the Board of Directors, we'll have to submit our major decisions to them for approval. Their position is to protect the shareholders" (C. Dubois, 1986 l. 875). The owners would probably take greater risks on strictly their own account than they would take (or the Board would let them take) when they had public shareholders to consider.

R. Faucher also indicated that "we have to monitor [the decision making hierarchy] a little more carefully than before" (R. Faucher, 1986, l. 3803). R. Marcoux explained how they have to respect their budget and not act as impulsively as they might have previously: "Before it was not so important [to stay within the planned budget]. Today we have to put on paper our capital budget and to live with it, because that's what's authorized by the Board" (R. Marcoux, 1986, l. 1605).

The fact that more people are involved in decisions, that more time is spent in preparing, presenting, and discussing reports as part of the decision making process, and that there is a new concern for the interests of public shareholders all support the observation that, at the least, decision making became less informal, less impulsive, and, perhaps, less entrepreneurial and more conservative.

The Changed Decision

C. Dubois, R. Faucher, and P. Brunet each described the situation in which an acquisition decision was reversed as a result of the Board's deliberations. This attestation to the Board's role as the final authority on decisions was mentioned earlier. This section explores the impact of this event on top management and their decision making behaviour.

Claude Dubois pointed out that this situation reflected (and perhaps tested) their commitment to respect the Board, and that it led to a better decision:

> The initial reaction to that was of course an upset because we are not accustomed to that. That's a normal human reaction. Now, since we had accepted before to play the game well and to go with the Board of Directors, ... It was accepted when we took the decision to go public... On the overall, that decision proved to be a wise decision... So in that respect, it's good... Yes, definitely [the Board's involvement in this decision affected the decision making process positively] (C. Dubois, 1986, l. 862, 890).

Robert Faucher described how the Board did not impose its decision on Rémi Marcoux, but in expressing their concerns, they forced him to rethink his position and subsequently decide with the Board:

> They didn't impose on him because it's a very good Board for Rémi... They more or less said, "Are you sure you know what you're getting into?"... It's not, "Yes, let's go!" it's, "Are you sure about that, have you looked into this aspect, what are you going to do with it?" It raised a lot of questions. He was trying to answer those questions but it was very difficult... If he would have been on his own he would have done the deal. I'm sure, positive of that. And this time he didn't do it because it raised questions and for him if it raises questions these guys must know something about business too (R. Faucher, 1986, l. 3361).

Finally, Pierre Brunet explained the additional information he brought into the deliberations that may well have been critical in turning the tide:

> Mr. Marcoux was quite confused. And it was a type of situation where he was getting involved in purchasing something in a minority position. It so happened that I knew the person that was the majority. He could be a guy that can squeeze a little bit, and I think you're paying too high a price in relation to having a minority position, where taking a majority position would be different. So it was more an open discussion on the philosophy... But anyway, they decided to follow the counsel of the Board, and I think we've proven to be right on that one (P. Brunet, 1986, l. 116).

Attitude to Board Members

"We are indeed blessed by a very good Board... The Board is definitely viewed as being helpful" (J. Aubert, 1986, l. 387). This type of attitude certainly makes the Board of Directors more successful. Others reflected this same positive attitude to the people on the Board: "I think we've been lucky and we are lucky to have an active Board of Directors" (C. Dubois, 1986, l. 797); "We're lucky because the kind of Board we have is a Board, you know, it's three outsiders, four insiders" (R. Faucher, 1986, l. 2161).

This positive attitude to the Board members is not, in fact, entirely surprising, since it was R. Marcoux who chose the Board members in the first place: "So he chose people he was getting along with to begin with, like Pierre Dupuis, he's a good friend of his. And he chose people that were known for their sound decision making, like Pierre Brunet [Chairman of Levesque, Beaubien, brokers]" (R. Faucher, 1986, l. 2468). P. Brunet was also a personal friend: "Rémi Marcoux was a good friend of mine way back" (P. Brunet, 1986, l. 12). In fact, with the exception of Bernard Lemaire (President of Cascades Paper), who R. Marcoux recruited, all the Board members had already been active advisors to Marcoux on the "non-official Board" (R. Marcoux, 1986, l. 403).

The Board members were not only known to the company and to each other, but they were each competent and accomplished people in their own rights. As P. Brunet, one of the outside Directors, put it himself: "Outside Directors are not there to run the company. As a role of consultants - the word in French is better - 'conseil d'administration'. They are there to give 'conseil' [advice]... It's more the fact of getting good ideas, or criticize a little bit the overall idea of expansion or give ideas about it" (P. Brunet, 1986, l. 65).

R. Faucher was more explicit in describing the qualities of these outside Directors and how they get involved in discussions:

> These guys are intelligent people and they have their shows and their own businesses and they're as strong mentally as anyone else sitting at the table. So I mean you're dealing one against one. It's not like Rémi, for instance, might be a powerful man, I mean as far as mentally speaking and he might influence people but now it's not the same thing. I mean he's got to really make a sale when he wants something to be adopted because the guy in front of him, if it's Pierre Brunet or Bernard Lemaire, you know he doesn't get influenced by anything but sound decisions and numbers that he can or cannot see. He's got the arguments for and he doesn't care if somebody thinks what of him. So they're very professional, these guys. They don't want to waste their time there (R. Faucher, 1986, l. 2395).

It is in many ways surprising that the creation of an official Board of Directors, but one made up almost entirely of people who were unofficial advisors prior to the IPO, could have the impacts on behaviour described throughout this section. Part of this is because of the nature of the Board members themselves, as described above, and part of it has to do with the attitude of the GTC executives towards the Board of Directors and the role it should play in their (new) public company.

J. Aubert pointed out that R. Marcoux, as controlling shareholder, "could be highhanded and use this Board really just as a social function where he gives a fee and that's it... But he will make use of his outside Directors as counsel, I know he will" (J Aubert, 1986, l. 446). The company's attitude towards the Board was constructive and positive right from the start: "We want to learn. When we went to our Board the first time, we said to the guys, 'Listen, we've never been to a Board before. We don't know what you guys need, so tell us what you need'" (R. Faucher, 1988, l. 2112). This attitude of providing the Board with whatever it needed in order to become meaningfully involved in decision making was part of what drove the increasd documentation of decisions. The impetus seems to have come more from GTC than from the Board members themselves: "Not that they wanted to ask questions, but Rémi wanted to supply them with the information" (R. Faucher, 1986, l. 3340).

Summary

Thus, it appears from this analysis that the careful selection of Board members, combined with the company's positive and constructive attitude towards learning to work actively with this Board, led to more changes in company behaviour than were initially intended, or even recognized by the actors after the fact.

The legal requirements of a public company regarding the structure and functioning of its Board of Directors led to the inclusion of more people in decision making at the top. At the same time, the delegation imperative of growth led to the inclusion of more people in decision making at the lower levels. The company had, perhaps inadvertently, but spontaneously and apparently successfully, increased its capacity to make good decisions.

The Strategy Code

The Strategy codeword was used to capture the vision, objectives, and plans for GTC and to discover how the strategy and the strategic process might have changed as a result of becoming public. It was defined as follows:

> Strategy: Plans, objectives, and vision for the company. Includes the methods and plans towards achieving objectives (e.g., budgeting). Also includes the way in which they approach their customers, suppliers, competitors, and/or investors or other stake holders. Mention of production or sales targets, financial goals, planning systems or processes, tactics for achieving desired results, or descriptions of past or possible

future scenarios all point to a strategy code.

Thirty-nine text segments were coded as strategy (6.7% of all segments coded). It was used as a codeword in 10/13 transcripts (77%). The analysis of the strategy codeword was based on sub-coding each strategy segment into one of five sub-codes. This yielded a total of 59 segments for analysis from the original 39. This was due to the multiple coding of some segments or the division of others into two sub-coded segments.

The five dimensions of strategy that arose in this analysis were: The founders' strategic vision; their goals and planning; the budgeting system; competitive strategy; and the strategy of growth through acquisitions.

Vision

GTC had plans, objectives, and a budgeting mechanism as part of their strategic management system. The driving concepts or images behind this strategic management system were the founders' visions of the company. This strategic vision was expressed clearly in five important areas:

1. The selection of flyers as the company's specialty.
2. The perspective on the keys to success in the flyer market.
3. The concept of total service for flyer design, production, and distribution.
4. The desire to build a large company managing a lot of physical, financial, and human resources.
5. The concern for maintaining the entrepreneurial spirit in a maturing organization culture.

These views were clear, at least to some of those in the company, but the means to achieving them was less clearly outlined. In the absence of clearer objectives and plans, these visions were that much more important in driving company behaviour. J. Aubert expressed this notion when he stated, "There is one major plan that is not written down anywhere... there is just the one. We know where we're going" (J. Aubert, 1986, l. 349).

"We had said when we had made a proposal to the creditors, you know, we will do one thing, we will do some flyers and a weekly newspaper... we just kept the equipment to serve that market, that's all" (R. Marcoux, 1988b, l. 920). It was clear that R. Marcoux always had a clear strategic vision of the potential in the flyers market. When asked if he knew when he started in 1975 that he wanted to specialize in flyers, he answered unhesitatingly, "Oh yes, yes, yes, yes" (R. Marcoux, 1988b, l. 679). He expressed this vision publicly , and extensively, in a presentation at a "Québec-Based Companies Seminar" organized by the brokerage firm Levesque-Beaubien on October 16, 1987:

> Trans-Continental had a new and different approach. From the very start we decided to concentrate on the market for flyers, preprints and newspaper inserts. Flyers were to be the principal product... Trans-Continental built a complete development strategy around that product... Early on, Trans-Continental made the flyer into a higher quality product, using better paper as well as offering more and more colour and different sizes. We also developed a concept of total service, offering our customers a complete package, including photography, typesetting, layouts, colour separation, stripping, printing and distribution. All that with one invoice, thus increasing service and reducing handling delays and costs.
>
> Today, Trans-Continental is the only fully-integrated printer in Canada; vertically integrated, from photography to printing, but also geographically integrated, since we have plants across the country. This allows us to serve our national clients more efficiently in terms of distribution and to shorten delays (Marcoux, 1987b, p.4).

Thus, despite over 10 years of increasing their scope of activity, in 1988 R. Marcoux could still assert that "82 or 83% of business is in the flyer production" (R. Marcoux, 1988a, l. 794).

The vision for the flyers market was not simply to recognize the market potential; it also included a clear perspective that the keys to success included the need to have the fastest and best quality printing technology and to move in and grow quickly while the market was expanding rapidly. M. Vachon described this view: "They had at that time a really good view or perspective of what the flyer market would be in the future... the name of the game in those days, and still today, was high speed, high quality and good productivity, all together. This is what made the success all the way through" (M. Vachon, 1988, l. 61). Stock analysts who studied GTC agreed: "GTC has sustained its competitive edge by positioning its productive capacity in the forefront of technology. The company's state-of-the-art printing presses have an average age of 4.5 years" (Scully, 1987, p.3); "The strength of Transcontinental lies in its modern press equipment, which provides paper economies for the advertiser, very short preparation time, very fast production time and superior quality" (Mathurin, 1986, p.5). Another important element in their vision of the flyer market was the total service notion, a one-stop shop for producing and distributing flyers. "In printing we are specialized in the flyer market. We do all the steps to produce a flyer [photography, colour separation, typesetting, layout, printing, and distribution]... that's the whole concept of our business" (R. Marcoux, 1986, l. 10). J. Aubert reflected this same vision when talking about growth plans in 1986: "Photography. It was the only link that was missing [from] our vertical integration, for us to operate it was a total concept of service" (J. Aubert, 1986, l. 242). D. Mathurin, a stock analyst, agreed that "the development of the 'total service' concept as a marketing strategy is a major element in the success of Transcontinental" (Mathurin, 1986, p.3). Total service meant, in 1986, that customers could get all their flyer services at GTC. This was achieved, and the vision evolved to a total service concept for the entire Canadian market. R. Marcoux described the rationale for acquiring plants in western Canada to complete this Canadian network: "We were shooting for it [to double sales]. Oh yes, we were shooting for it because [with our cross-Canada network of plants] they will save time, they will save transportation costs... they'll save money, and that's what happened too" (R. Marcoux, 1988b, l. 1772).

GTC's position in the flyer market was clearly the result of explicit, intended strategies.

"In contrast, GTC entered the publishing business almost by accident. In 1979, it acquired one of its clients and debtors, Publication Les Affaires, a money- losing business weekly founded in 1928, when its owner died" (Boileau, 1987, p.2). This acquisition was unintended and perhaps opportunistic, but it did fit into the company vision as a specialized printing product that could appeal to a specific market segment. It also provided growth potential in building a larger company.

The clear vision of the flyer market was, in turn, part of the dream to build a large company. "The deal that I had with my two partners, you know, I said let's work hard, but when that company will be $100 million sales and $10 million net equity, we go public... that has been the agreement from day one" (R. Marcoux, 1986, l. 536). R. Gagnon described both this vision and one of its manifestations: "I think Rémi Marcoux had a dream of building a big company... everything he found that was nice and good and that he likes [in the operations of the large companies with which he is in contact] he brought the idea here and designed different things, applied it" (R. Gagnon, 1988, l. 1636); "[There was a plan here from the beginning] to make a big organization... [becoming public] was a means to get money. To support their growth" (R. Gagnon, 1988, l. 1659). The most to the point was R. Faucher: "They decided from probably five, six or seven years ago that they wanted to go big and that was it" (R. Faucher, 1986, l. 436).

R. Marcoux expressed how the vision was clear, but the methods were not known in advance: "We didn't say we will do that by acquisition... and today if you were to ask me what would be the percentage of the internal growth and what would be the percentage of acquisitions, I could not tell you that" (R. Marcoux, 1988b, l. 1368). The IPO itself is an interesting example of some of these unplanned consequences. C. Dubois suggested that their corporate perspective and commitment changed: "I think it [the IPO] has given us a better view to build a corporation that will last longer" (C. Dubois, 1986, l. 1466). R. Faucher also observed how the IPO altered their strategic perspective: "The priorities and the objectives of the company all of a sudden start to do some shifting [with the new financing possibilities of being public]" (R. Faucher, 1986, l. 540).

The newest element in the GTC vision was the concern for the company keeping the spirit, style, and demeanor of the company intact: "Yes, that's our goal, to develop and keeping this place with the entrepreneurship... no, I don't think it's stated... that's right [it's one of the most important goals in terms of the culture of the organization]" (R. Marcoux, 1988b, l. 2914).

Goals and Plans

Planning activities at GTC reflected an evolution from planning in the minds of the owners to more explicit statements of goals and strategic vision, many of which started to be written down around the time of the IPO, and then showing increasing formalization in the years following the IPO. The goals and the vision for the company were always clear, at least to the owner/managers, but they became both more detailed and more explicit. The requirement to publish an annual report brought with it the explicit statement of company objectives in many of the President's messages. The first annual report, in 1984, provided to shareholders and the public an introduction to the GTC strategy that R. Marcoux described as evolving around two central objectives: "Identifying and developing very specific market opportunities in which the Transcontinental Group already holds a strong position and can continue to do so, and establishing new companies that initially meet some of Transcontinental's internal requirements, and eventually build up into independent profit centres" (GTC Annual Report, 1984, p. 2). The 1987 annual report expresses a more explicit and more ambitious objective: "Being a North American leader in this field [written communications]" (GTC Annual Report, 1987, p.2). The 1988 annual report showed how this principal objective continued to evolve: "Transcontinental Group intends to remain the Canadian leader in written communications in North America" (GTC Annual Report, 1988, p.3). Another non-interview source of statements about company objectives is R. Marcoux's presentation to the "Québec-Based Companies Seminar" of Octber 16, 1987. He was, interestingly, more explicit in this presentation than he had been in his President's messages quoted above. He made the following statement:

> I would like to state GTC's mission as well as our main corporate goals.
>
> Our mission is to be recognized as a leader in the field of print communications throughout North America.
>
> We have four fundamental guidelines. They are:
>
> - to achieve an average annual increase of 25% in total revenues;
> - a 5% net profit margin;
> - a return on average shareholder's equity of 20% per year; and
> - a maximum debt to equity ratio of 55%.
>
> Throughout the years we have been able to meet or even better these goals and we are still aiming for them in the future (R. Marcoux, 1987, p.22).

The corporate objectives were explicit, and increasingly so as they progressed from year to year. There's little doubt that there was also a clear plan, if somewhat general, at the outset of the company. This was already noted in the statement by R. Marcoux from the previous section: "We had said when we made a proposal to creditors, you know, we will do one thing, we will do some flyers and a weekly newspaper" (R. Marcoux, 1988b, l. 920). This strategic plan provided focus for their activities and decisions. It worked well as long as the owners themselves were able to manage all the key aspects of the busines. C. Gentile observed that "the planning is in the minds of the owners. They have a good perception of the market, what's happening with the customer base, what's happening with the product line, what's happening with the equipment supplier and so them being on top of that, they can make the right decision and they plan" (C. Gentile, 1988, l. 828). J. Nepveu and R. Faucher reiterated this view: "I think management, Mr. Marcoux and Mr. Dubois, have had in their minds an idea of where they were going and what were their general goals as an organization, but this has never been formally laid down" (J. Nepveu, 1988, l. 644); "Rémi and his partners, they know the work. They could plan two or three years ahead of time. They knew exactly where they were going... no, it was not at all formalized, it was all in their heads and it could have changed too" (R. Faucher, 1986, l. 3021). Plans and objectives became more explicit around the time of the IPO and the company's middle management became better informed. Some of this began to be written down. C. Dubois was, perhaps, the most direct about this when he said that "because of that [IPO] and since that we started to write plans down. Before that we knew in our heads where we were going... since we went public and just before we went public also, we started to write those things down" (C. Dubois, 1986, l. 676, 704). R. Marcoux concurred: "Being private we didn't have a written plan but being a public company we put things on paper. . at least we had the target of where we will stand five years from now. And at least we must have a minimum of so many dollars of growth, so many percentage of growth a year to achieve that... and it's different, our key people know. . our plan. [As a private company] they didn't know that" (R. Marcoux, 1986, l. 1664).

Planning and strategies became more explicit in the clarification of goals but more detailed formal plans of how to achieve these goals were still not in place: "I would lie if we say we do [write down future plans and scenarios]" (R. Faucher, 1986, l. 3077). With regards to a five year plan, R. Faucher went on to comment that "you need to be well organized and have the right info otherwise I say it's worthless... I think we'll get there. But I don't think we're there now" (R. Faucher, 1986, l. 3158). "He [R. Marcoux] might call it a five year plan but I call it, it's a planning strategy... I would call it more a five year plan with respect to what area we're going to be involved more intensively in the coming years. [It's] very new" (R. Faucher, 1986, l. 3241).

R. Marcoux, in discussing goals and planning in 1988, also indicated that although goals are clearly specified, the path to these goals is less clear: "That's right [we didn't say how we would do it, but we had goals]. And today if you were to ask me what would be the percentage of internal growth and what would be the percentage of acquisitions I could not tell you that" (R. Marcoux, 1988b, l. 1372). When asked if he had had the plan to acquire companies (which he had in fact done at a rapid rate), he replied, "No, it was not planned" (R. Marcoux, 1988b, l. 1401). C. Dubois, while stating that planning had always taken place in the printing and publishing sectors, was still consistent with the others when he indicated that "some of it was written down [but] not in a sophisticated way" (C. Dubois, 1986, l. 696).

One clear exception to these observations regarding the lack of detailed planning was in the human resource management area. R. Gagnon was quite explicit about the planning they had done and the documents they had created:

> I think they all had, for a long time, they had planned. Like, I find in the filing cabinet a lot of good documents in HR and policies that they had developed in 1981-82. And it was before going public. [That suggests to me] that they prepared that and developed that and it was good planning... now I'm starting back to rewrite all that stuff. I take that and we'll implement it everywhere... Like policy for bonus, policy for profit sharing, policy for performance appraisal, goal setting every year with employees. That was in 81-82. There was a policy that each location should have an employee's manual. Actually it is not all locations that have an employee's manual. But in 81-82 it was by design and they started but I don't think they were able to keep up with the speed (R. Gagnon, 1988, l. 1568).

This suggests a clear set of plans and documents for certain parts of the HRM function, and R. Gagnon extended this approach by creating a document entitled "Human Resources 1988 Objectives" that was presented to managers in the company. This non-interview data details, in writing, the importance of human resources, and then presents the four objectives for 1988, with sub-objectives. Nonetheless, according to C. Gentile, there was, in practise, a "lack of human resource planning. We don't do a lot of that. One of the things that is preventing us from growing and buying other companies and starting new plants is I don't have ready managers, I don't and I'm petrified" (C. Gentile, 1988, l. 899).

Plans may not have been clear and fully developed, but goals were clear, consistent, and explicit. R. Marcoux indicated one of their initial goals: "When that company will be $100 million in sales and $10 in net equity we go public" (R. Marcoux, 1986, l. 538). He was more explicit in describing company goals in 1986:

> We are involved in three sectors. Our goal in the printing is to be the largest printer of flyers in Canada, which we are already, and secondly, to become a major printer of flyers for the U.S. market... right now I'm looking for a small acquisition in publishing in the English market... because right now we would like to develop some expertise in English, which we don't have... right now, in terms of distribution, we cover Montréal... [our goal is] to be involved along the road in those [neighboring] cities and also to develop in any other Canadian city (R. Marcoux, 1986, l. 433).

R. Marcoux remained consistent with his 1986 goals statement then, two years later in 1988, he was again asked about the company's goals:

- "This year we were planning to invest, you know, in the U.S. because that's our main target, to develop a network of printing plants in the U.S." (R. Marcoux, 1988a, l. 110).
- "First of all we will complete our development of our national network across Canada... to be able to fulfill the needs of all our clients. Especially the national retailers [our main customers]... Next, we have already started to build a network in the U.S. We have two plants... In publishing right now we will still be developing some specialized publications... the idea of buying Hockey News was exactly in that strategy [of getting into the English sector]" (R. Marcoux, 1988b, l. 25, 93, 174).
- "All GTC together we are shooting for a half a billion dollars by 1991... that's my overall corporate goal" (R. Marcoux, 1988b, l. 125).

When asked if these goals are written down somewhere, he replied, "Yes, have you seen our last annual report" (R. Marcoux, 1988b, l. 256). He then proceeded to review the appropriate section of that document.

Two other goals that were not stated in the annual report but which were, nonetheless, quite clear in R. Marcoux's mind had to do with market penetration and corporate culture. First, he described the strategy of developing a national printing network so that they could increase sales to their main customers, the national retail chains. I asked if he knew in advance that this would literally double their sales to some of these national accounts, and he replied, "we were shooting for it" (R. Marcoux, 1988b, l. 1767). Second, he said that he had an unwritten but still important goal, which was "to develop and keeping this place with the entrepreneurship" (R. Marcoux, 1988b, l. 2914). This was becoming more and more of a challenge as the organization grew and became more formalized.

C. Gentile, when asked to identify the most striking differences between GTC and Domtar (where he had worked until five months before his interview at GTC), responded without hesitation that it was the "lack of planning, structured planning" (C. Gentile, 1988, l. 828). He did, however, provide some insight into how GTC was becoming more structured and formal in its planning. The company had a systematic budgeting process and "when we finished the budgets and we consolidated and we looked at it and we said, OK, what does the year look like, what's critical for each sector, for distribution, publication, and ourselves in printing and we said, this is what I think we should be concentrating on. There are five elements here [See Figure 17: 1988 Operating Plan]" (C. Gentile, 1988, l. 766). This operating plan is more specific than the goal statements noted above, although it is still a long way from the planning documents that C. Gentile had been accustomed to at Domtar. It evolved from the budgeting exercise and seems to represent a step towards more formal planning at GTC.

Figure 17

1988 Operating Plan

G.T.C. TRANSCONTINENTAL GROUP LTD.

Objectives of the Printing Sector

I. PRIORITIES - OBJECTIVES THAT MUST BE REALIZED

1. To meet the budget forecast for profitability expressed as follows:

   - earnings before interest and taxes of $23.1 million
   - a return on operating assets of 20.0% on Canadian assets and of 5.1% on American assets, such return being defined as:

$$\frac{\text{Earnings before interest and taxes}}{\text{Working capital + net fixed assets}}$$

2. To establish quality circle programs that are operational in the following units: Interglobe, TCP Brampton and Contact Couleur.

3. To develop and implement a labor relations program with all plant employees involving communications meetings and a personnel evaluation process based on predetermined goals.

4. To establish safety programs in all plants in order to reduce the frequency of accidents and the resulting loss time.

5. To establish an efficient cash management system with a maximum average age of accounts receivable of 55 days.

II OBJECTIVES DEEMED NECESSARY TO ACHIEVE PRIORITIES

- To generally better the quality of our customer services by, in particular
  - improving the efficiency of the planning and scheduling function within ITC-Canada; and
  - improving the efficiency of ITC-Canada as a provider of services for other units in the Group.
- To evaluate and modify, if required, the printing sector organization structure.
- To confirm a strategic development plan in the United States and implement it as the case may be.
- To implement the necessary corrective measures to bring plants such as Miami Valley Publishing, Trans-Continental Printing South and Chartier up to targeted performance standards.
- To maximize the use of the "Total service" concept within our marketing and sales strategy.
- To establish a research and development marketing function.

Further support for increasingly formal planning came from J. Nepveu, who stated in one instance that "I anticipate that this year we will probably be able to put down on paper a communications plan geared not only to the financial markets but to a public image for the company" (J. Nepveu, 1988, l. 470). He later went on to say that "during the coming year, I for myself am going to work on some sort of development and strategy planning" (J. Nepveu, 1988, l. 654).

The fact that R. Marcoux had recently hired C. Gentile and R. Gagnon from Domtar and J. Nepveu from SGF (where he had been Directeur de planification) supports the notion that this was a deliberate attempt to bring in the habits and methods of larger corporations, including more formal planning methods.

Budgeting

One key part of a formal planning process is the budgeting system. R. Marcoux, a C.A. by training, and R. Faucher, also a C.A. and GTC's V.P. Finance, had developed a systematic budgeting process. "We always monitored that very very intensively... there's always been a lot of emphasis on the operating budget" (R. Faucher, 1986, l. 2763). The budgeting process was more fully developed that the other parts of their strategic planning system. In fact it was not the strategic plan that drove the budgeting process, but rather, as C. Gentile described it, the reverse: "This [1988 Operating Plan - see Figure 17] came about *when we finished the budgets* (emphasis added)... and we looked at it and we said, OK, what does the year look like, what's critical... and we said, this is what I think we should be concentrating on" (C. Gentile, 1988, l. 766).

The budgeting process involved meetings with each operating unit. The increased number of operating units and the legal requirements of a public company combined to further formalize this process. R. Faucher described it and how it would probably change:

> Once a year we were sitting down with each of the divisions with the budget proposal. One day each... we were discussing the business plan, what was happening last year.

> what are your results. Now, this year, what are your objectives, what is your budget, what is your capital expenditure budget, what's your new jobs to be created. And all that. One full day. We did that last year. As always. There's about 14 of them now. So it means, that us, here, work 14 days out of the office... over a month and a half or two months we are able to go through the budgeting process of all these 14 or 16 or whatever divisions... but it's an enormous task... so what we're going to do?... I'm working with Cam Gentile. He's going to have his meeting... he's going to have a meeting with his people. He's going to come to us once a year with maybe two days instead of one [to cover all the operating units in his division]... so that way we should have three meetings [one per division] (R. Faucher, 1988, l. 1271).

R. Marcoux described this same process:

> At the end of each year we meet each of our key people in each division. They present their results with headlines on what happened in 1987 and they also present their program for the next 12 months. OK. When all these meetings are over, the GTC Management [Committee] sits together, everything is put together and now the decision is taken, how much we will spend on fixed capital, how much we will invest, and so on. Usually at that meeting we fix the rules for the next 12 months (R. Marcoux, 1988b, l. 340).

He then went on to compare it with their previous (pre-IPO) approach.

> Before, you know, when I was with three partners, in the beginning of the year we had the same budget process with our guys, but the decision was taken between the three of us. Usually at the annual meeting of each division we already agree right away... now, since the company is moving and getting a little bit bigger, we have a shopping list of everybody, OK, and we don't take decisions...when this has been agreed at the administration committee [Management Comittee], the next step is the Board and this is the final approval (R. Marcoux, 1988b, l. 559).

The earlier one-step process had become a three-step process. C. Gentile described how he fit into this process: "We did go through a budget process here, more or less the same as Domtar, each profit centre was asked to provide the budget for 1988 fiscal year... [then] we sat down and consolidated all these requests... so we also prioritized. I, in turn, came back and wrote to all my profit centres and said, these projects, essentially, had been approved. Others have been eliminated" (C. Gentile, 1988, l. 360).

The three-step budgeting process was further complicated by the need to consolidate, as R. Faucher explained: "There was a budget before, but again, they were not consolidated. So now they're all consolidated by plant and consolidated for the whole company. New acquisitions, corporately speaking, consolidated; new financing, new employees to hire. All these things weren't done before" (R. Faucher, 1986, l. 2573).

The biggest change in the budgeting process was probably in the area of the capital budget. The transition from an entrepreneurial capital budget style to a more corporate approach was apparent. "In the past, major expenditures like a brand new piece of equipment, like a press, would not be bought by the profit centre, it would be bought either by Rémi or it would be bought by Claude Dubois" (C. Gentile, 1988, l. 386). R. Faucher described further:

> Capital budgets is more structured now... before Rémi might take a decision or his partner to buy a press line or whatever and that was it. I would find out later sometime... now because, first of all, there's a lot more going on and the amounts concerned are much more too, we do it with more discipline. Meaning that first of all we have set objectives, corporately speaking, as far as purchasing equipment this year by plant... now if there's any more special needs, they come to me, then they go to Marcoux and if it's major it will go to the Board. So we have to monitor that a little more carefully than before (R. Faucher, 1986, l. 2774).

He went on to explain some of the reasons for these differences:

> Now the difference [is] that the financing facilities are, you know, are greater so you have to take more care because you might tend to get into the ten millions and you might end up at 15... there's a lot more entities wanting some capital money too. I mean before there were four plants, now there's 10. So every goddamn one of them will ask for half a million more and that's five million at the end... we don't want to come out at the end of the year and say [to our shareholders] we have doubled that [our capital expenditures] without reasons. So we have to be careful (R. Faucher, 1986, l. 2856).

Competitive Strategy

The goals of the company were always clear, at least to the owners. Their competitive strategy also seemed to be clear, at least as reflected in the four comments identified on this issue. One dimension to this competitive strategy was a focus on having the best and newest technology. J. Aubert described that the Chartier Company "had just purchased a new press line where we felt that if they were successful starting it up and organizing then they would seriously annoy us. So by buying them we bought our single largest competitor in our own area" (J. Aubert, 1986, l. 228). The interview with M Vachon, Director of the Chartier Plant, in 1988, confirmed the strategic importance of having acquired that equipment: "Denis Chartier, when he sold the plant, the press that was here was one of the latest presses on the market. At the time, for my first three years with the company that was the only press of that type in Canada... That type of press was the fastest press in Canada as well. So there was no competition around us that could print a product as fast, as well, or as quality-wise than Transcontinental. So we were ahead of every competitor in Canada with that press" (M. Vachon, 1988, l. 131). He readily agreed that this technology was an important part of why their growth in that plant had gone from 12 to 110 employees in seven years and from 15,000 to 85,000 square feet.

A second dimension to their competitive strategy, as described by R. Marcoux in 1986, was their unique positioning in the flyers niche. He was, therefore, able to say that "competitors, which are doing strictly like us, we don't have any... no one which has all the links of the chain is like us, OK, because we've got the photography, we've got colour separation, we've got typesetting, distribution and so on. We are highly specialized" (R. Marcoux, 1986, l. 1032).

This specialization and their consistent focus on satisfying a client's complete flyer needs continued to be the basis for their competitive advantage in 1988 as well. As R. Marcoux described it, their large competitors (printers and publishers like Québecor, Reynolds, and Southam), did not take notice of Transcontinental when it was a smaller, private company. The company grew larger, went public, and began to be noticed by these competitors, however, by then, "we are already a step ahead" (R. Marcoux, 1988a, l. 845). GTC was ahead because they had established a national plant network and were able to offer an effective and very competitive cross Canada service to their major clients, the national retailers.

One other important element in their competitive strategy was connected to the corporate value of hard work. R. Marcoux pointed out at the beginning of the March, 1988 interview that they operate their plants on a seven day week, while competitors operate only six days; this allowed them to bring in the extra revenue required to support the costs of new equipment and to beat the competition (this last said with a big smile).

Acquisitions

Acquisitions had always been an important part of GTC's growth strategy, notwithstanding the fact that R. Marcoux declared that "no, it was not planned" (R. Marcoux, 1988b, l. 1401). Nonetheless, the first three businesses he entered (a typesetting company, Transcontinental Printing, and Chartier Printing) were all acquisitions. Some acquistions were motivated by competitive factors ("by buying them, we bought our single largest competitor in our own area" [J. Aubert, 1986, l. 232]); some were motivated by the desire to build expertise in new areas ("[we decided we wanted to get into English publications] at least three years

[ago]. The idea of buying Hockey News has been exactly in that strategy" [R. Marcoux, 1988b, l. 220]); and some were motivated by the need to control the business units they were managing ("using the money of the group, it is important for us to be at 100%" [R. Marcoux, 1986, l. 296]).

There were some clear guidelines in this acquisition process. One important element was the characteristics of the management of the acquired companies: "If you look at Rémi, what he buys, he looks at the philosophy of the owner that he's bought" (C. Gentile, 1988, l. 937). Another important element was the nature of the business itself: "We have three sectors. Anything which fits into those sectors we are interested in... anything else, we don't lose our time" (R. Marcoux, 1988b, l. 643). R. Marcoux was explicit in describing their acquisition criteria in both the 1986 and 1988 interviews. In 1986 he said:

> We've got some critères, some rules for acquisition. Our rules are very simple. It has to be in a business which we know. Tomorrow morning, that company on the other side of the street may be highly profitable and I could get that for nothing. Don't call me, I'm not your guy because it has nothing to do with our sector. So we must know the principle, stay in your niche, and we know our niche. And secondly, management must be good. We are not interested to buy a company just to buy. What we are looking for is good management. Somebody wants to sell his company just to retire, let's get somebody else to buy that. You want them involved, yes, because the way we operate our company is decentralized. So the action is in the affiliated companies so the management has to be good. And third, it must have a future. The growth in that business, we should at least forecast a goal. That's the three rules (R. Marcoux, 1986, l. 485).

In 1988, he said substantially the same thing:

> First of all, it has to be [in one of our three sectors]... Management within the company which we try to acquire must be good and there must be a good potential for the

> future... also, we have to be... an important player after a while. Because just to do as everybody does, it's not sufficient... you've got to lead something (R. Marcoux, 1988b, l. 1194).

The same three criteria were used in 1986 and 1988; by 1988 a fourth had been added (to be a leader in your market). Although these criteria were not written down, "the people, the president of each division, know. Robert Faucher knows, the top management" (R. Marcoux, 1988b, l. 1262).

The importance of growth by acquisition increased once the company became public. The concern for showing strong quarterly results favoured acquisitions over startups: Startup costs create expenses that reduce quarterly profits, whereas acquisition costs are capital costs that do not show up directly on an income statement. Furthermore, an existing business often has profitable earnings that get added to overall profits, while new startups do not typically generate profits for at least several quarters. R. Marcoux was well aware of these facts:

> To develop a magazine, OK, like This Week in Business, we have a budget of $1.5 million... [it goes as an expense] right on the bottom line, we don't capitalize that... if I had the opportunity to buy a paper similar to that, that would be capital investment and the profit which is generated to that publication would go right on the bottom line, right away... I have no choice, you know, it's more important, acquisitions than internal development (R. Marcoux, 1988b, l. 2839).

C. Gentile also recognized the dilemma of the situation and he observed that "there's conflict now [between buying or starting a company]. Before it didn't bother him" (C. Gentile, 1988, l. 1362).

Two other changes resulted from the IPO. First, the Board of Directors became involved in authorizing and approving acquisitions ("for the Board, any acquisition we go through them" [R. Faucher, 1986, l. 2011]). Second, acquistions could be enacted using shares instead of cash, and "a lot of companies that he's bought were also bought with some shares" (C. Gentile, 1988, l. 1236).

Acquisitions were clearly an important part of the GTC strategy, and for a variety of reasons, as outlined above. It is indeed fortunate that R. Marcoux was able to say without hesitation that "yes, I like it [to do acquisitions]" (R. Marcoux, 1988b, l. 1812) His enjoyment of these acquisition activities was clearly demonstrated when the March, 1988 interview was interrupted by a telephone call regarding a current acquisition deal. This was explained after the call was completed, along with the biggest smile that M. Marcoux displayed over the course of several contacts with him during this research.

Summary

The strategy codeword did not uncover a fully articulated and explicit set of strategy statements. It did, however, show how some key elements had always served to drive and guide management behaviour. On the one hand, the owners' vision provided the framework for establishing goals and, more recently, a more formal planning system. On the other hand, the acquisition strategy provided the growth to support the vision while the budgeting system provided operating control to manage that growth.

The IPO and the ensuing growth of the company were both creating pressures to formalize and publicize these strategic dimensions. Thus, capital budgeting became more formalized, the Board of Directors took on the final authority for acquisition decisions, and objectives and plans were written down, not only for the annual report but also for internal company communication The driving vision of the company had not changed but it had certainly matured as the company grew and opportunities arose.

The Growth Code

The Growth codeword was intended to capture descriptions of and explanations for the company's rapid expansion, both before and after the IPO. It was defined for transcript coding as:

Growth descriptions of how the company has grown, is growing and will grow. Includes discussions of growth through natural evolution, through the startup or acquisition of other businesses, merger or other means. Can also include the immediate results of growth strategies and activities (e.g., the problems of integrating acquired companies into a unified corporate framework).

There is no question that GTC was a high growth company both before and after the IPO. The 1985 Financial Post rankings of all Canadian companies placed GTC first for growth over five years: They acheived 112.1% componded annual growth in net earnings and 39.4% compounded annual growth in sales (Mathurin, 1986, p.3). The 55 segments coded as dealing with this growth represented 9.5% of all the segments coded. Only four codes were used more frequently (Management Style [14.1%], New Functions [11.9%], Decision Making [11.0%] and HRM [10.8%]). It was used in 12/13 transcripts (92%). No other codeword appeared in more transcripts. The analysis of these segments identified the motives or forces that seemed to drive this growth, the methods used, the problems that came with this growth and how they were managed, and the opportunities for and limitations on this growth as a result of the IPO. These four aspects were the sub-codes used to carry out this analysis.

Motives for Growth

GTC's growth was driven partly by its desire to expand and become more competitive in its existing markets and partly by its desire to vertically integrate and offer a "one-stop" service for flyer product and distribution. There were guidelines and plans to direct the process, and the direction and style of growth were influenced by the IPO. It was, however, probably driven mostly by the vision and initiative of R. Marcoux as CEO and "Chief Entrepreneur". The company's position in a high growth market provided the basic foundation for the growth possibilities they developed. The growth of inserts (flyers) was dramatic: Seven billion inserts were printed in the U.S. in 1970; 64 billion were printed in 1985; and the 1990 forecast was for 90 billion. Income to printers was expected to jump from $1.7 billion in 1982 to $4.4 billion in 1990 (Lorenzi, 1986).

Horizontal expansion was a means to both reduce competition and to reach the forefront of printing technology. The former was described by J. Aubert: "By buying them, we bought our single largest competitor in our own area. We secured our base... and therefore we feel more confident now" (J. Aubert, 1986, l. 232). The latter was described by both M. Vachon and R. Marcoux:

- "Chartier acquisition [the first in printing] gave them a new press so we were ahead of every competitor in Canada with that press" (M. Vachon, 1988, l. 176). Having this technology was an important reason for their growth at Chartier from 12 to 110 employees in seven years and from 15,000 square feet to 85,000 square feet.
- "RM: We were subcontracting some of our work to Chartier After a while we said, why don't we buy that company... it just came naturally.

  RD: So you saw the opportunity for growth, you saw the modern equipment, you saw it was available and you said I want it.

  RM: Yes, right away" (R. Marcoux, 1988b, l. 1416).

Vertical integration was based on the vision of providing a complete service to customers. This was the motive behind the acquisition of TPS, a photographic studio. "Photography was the only link that we were missing in the pre-press... so we bought half their company. TPS is 50% owned by GTC... it's a unique setup in this province actually offering all what they offer here in this city" (R. Belair, 1988, l. 164, 323). "Photography was the only thing that we had to contract out. Now we can do it. So that again was a strategic decision" (J Aubert, 1986, l. 251). This same motive also seemed to be behind the launch of their own colour separation operation: "Contact Couleur was a project that I presented to Rémi and Claude because I think at that time the group was buying a million and a half [dollars] a year of separations outside. Now we're making five and a half million this year in separations" (R.

Belair, 1988, l. 717).

The guidelines for what growth areas were of interest and what ones were not of interest were clear, at least to the people most involved in growth planning (i.e., R. Faucher as V.P. Finance, J. Aubert as V.P. Development [in 1986], and R. Marcoux as CEO):

- "As far as acquisitions and what area we're going to get involved in, which ones we don't want to get involved in, which people we should talk to because we feel there might be possibilities, all these things are identified to Jean [Aubert]" (R. Faucher, 1986, l. 3094).
- "We will be actively seeking out acquisitions on the printing side in the U.S... we're going to be looking towards other publications in the English language" (J. Aubert, 1986, l. 354).
- "I know for instance, that a newspaper in Alabama, we're not interested... but a guy calls from Toronto and says I got this magazine that deals with hockey, I know we're interested in that" (R. Faucher, 1988, l. 1008).
- "Right now I'm looking for a small acquisition in publishing in the English market... because right now we would like to develop some expertise in English, which we don't have" (R. Marcoux, 1986, l. 467).
- "Yes, yes [the decision to get into English publications was a deliberate strategy]... [for] at least three years. The idea of buying Hockey News has been exactly in that strategy because, you know, Hockey News is specialized and also the head office is located in Toronto and for our publishing English division it's a good place to be. So when this product was offered we paid a high price to get that, you know, as a base... if we have a good opportunity we will definitely buy [another similar publication]" (R. Marcoux, 1988b, l. 214).

The IPO brought a dramatic increase in the financial resources of the company and it also brought more acquisiton opportunities as the company became more widely known. At the same time, it altered their approach to growth. First, they became more aware of the importance of reporting quarterly results to shareholders. This may not have detered making some long term investment decisions with no immediate results ("we had made investments in acquisitions and in capacity increases to build for the future, knowing perfectly well that it would have some kind of an impact on our performance compared to previous years... negative impact on our performance of 1987" [J. Nepveu, 1988, l. 151]). On the other hand, public accountability and public image were factored into the decision making process. "Today, we've got to be more careful. . we check more, we take more time, you know we are more cautious and we are concerned about the image of any acquisition, public and so on" (R. Marcoux, 1986, l. 1880). Furthermore, R. Marcoux was keenly aware that the desire of shareholders for strong quarterly results favoured acquisitions rather than internal development as a growth strategy: "Internal development is highly costly . if I had the opportunity to buy [rather than start from scratch] that would be capital investment and the profit which is generated would go right on the bottom line, right away [so it's a plus instead of a minus]... I have no choice, you know, it's more important, acquisitions than internal development" (R. Marcoux, 1988b, l. 2822). The importance of satisfying shareholders and the interests of maintaining high stock prices becomes even clearer when shares are used as part of the currency of exchange in making acquisitions. The higher the share price, the fewer the shares that GTC has to give up.

R. Marcoux was probably the strongest single driving force behind this growth and behind the choice of acquisition as an important strategy for achieving it. R. Faucher described it clearly: "It's what sometimes I call 'forced growth'. You've got the money, you want to grow, the leading man here is an entrepreneur, he knows where he's going and you have to follow... if you don't follow, we're replaced" (R. Faucher, 1988, l. 40). R Marcoux himself was more than ready to admit acquisitions was the most interesting part of his job: "Yes, [I want to do more and more acquisitions]. I like it... acquisitions, you know, [it goes fast]... the human contact is highly important so that's why I'm doing that myself" (R. Marcoux, 1988b, l. 1812). In addition, it was abundantly clear during the interviews that he was more animated and enthusiastic when acquisitions were discussed.

Methods

The principal method for growth that came out in the interviews and the subsequent transcript coding was acquisition. R. Marcoux got into his own printing and publishing business originally through acquisitions and this method continued, with some changes in both the speed and method of acquisitions, after the IPO.

R. Marcoux started his self-employment career by searching for a suitable business to buy. He in fact acquired two in relatively short order:

> I did nothing [during the summer after leaving the position of V.P. Operations at Québecor]. After Labour Day I came back on the market and I was looking to buy a business... at the end of September, September 30th, I found out a business which I could get because it was a turnaround situation... I made a turnaround in that business very fast... in the meantime a paper company came to see me and said, will you act on our behalf, five major paper companies, to see what we could do, what could be done with Transcontinental" (R. Marcoux, 1988b, l. 875).
>
> "We put together a package about the financial situation [of Transcontinental Printing] and we had said that the only way to save yourselves, what could be saved is to get out of it fast so we tried to sell the company. Nobody was interested. So I said, I'll make you an offer. That's what we did... they accepted... no, no [it didn't cost anything out of my pocket]" (R. Marcoux, 1988b, l. 776).

The IPO not only accelerated the growth but also encouraged the acquisition strategy. Growth was accelerated by the increase in financial resources: "Since we are public, and partially because we are public, we have the money to buy partially our growth" (R. Belair, 1988, l. 895). "I think it was in their plans to have the pattern we have right now in terms of plants... in 1984 that public affair just helped them to grow faster... it also permitted them, I think, to stay on top of competition because of that" (M. Vachon, 1988, l. 540); "Being public you could always go back to the market to sell some equity to finance expansion. So in one way the speed of expansion is more interesting being public" (R. Marcoux, 1986, l. 1073). The IPO also made growth easier because "a few good opportunities did materialize... so, by having money in your pocket... you can really devote your thinking... to the growth of your company" (C. Dubois, 1986, l. 97).

The IPO encouraged the acquisition strategy because of the more advantageous financial reporting of acquisitions versus internal development or startup. The result was that "there's conflict now [between acquisition and internal development]. Before it didn't bother him" (C. Gentile, 1988, l. 1362). R. Marcoux's own assessment, quoted earlier, is direct and to the point on this: "I have no choice, you know, it's more important, acquisitions than internal development" (R. Marcoux, 1988b, l. 2876).

The IPO also encouraged acquisitions because of the possibilities of using shares as part of the payment to the acquired firm. Several persons attested to this as an important growth/acquisition method at GTC:

- "Two major things happen when you become public... your financial capabilities are that much greater... secondly, which is very interesting, you can make acquisitions with your own paper and we always try to have a minimum amount of cash in our acquisitions" (J. Aubert, 1986, l. 181).
- "Keep in mind also that a lot of companies that he's bought were also bought with some shares" (C. Gentile, 1988, l. 1235).
- "We have done some deals with our shares, buying a little bit cash and with shares... it cost me dilution" (R. Marcoux, 1988a, l. 548).
- "If we could make acquisitions with our stock, I would prefer to have my stock at $20 than $10" (R. Marcoux, 1986, l. 1841).

R. Faucher was perhaps most complete in describing the advantages of this acquisition method:

> You have two choices; one is you pay so much, the other one is you say, listen, we can't pay that much but we'll offer you shares. It's especially important if the people you buy stay with the company because then you say, listen, if it's as good as you say it is good, you're going to help me make that company [of yours] grow and do well and the shares that you have are going to be worth more. So it's an incentive for the people being bought of performing and for us, for the purchaser, it's a way of acquiring assets without making cheques all the time. So it has proven to be very very useful (R. Faucher, 1986, l. 1006).

It was clear that acquisitions, as a primary growth method, took up more management time after the IPO, particularly for R. Faucher as V.P. Finance: "Where I get involved more now is those acquisitions that we have made. Marcoux signs them but somebody has to do them after... so it's getting most of my time right now" (R. Faucher, 1986, l. 4006).

The IPO not only facilitated acquisitions as a method for growth, it also altered the acquisition procedure itself. First, formalization increased and the Board became more involved in the approval process. R. Faucher and R. Marcoux both attested to these changes:

- "All these things [in deciding on an acquisition] were done exactly like before when Rémi was private. The difference came when he presented it to the Board... everything had to be justified. We had to build up a file... whereas before he would have done it, he would have said to me, I just bought that, that's it, do the work. Now every time he makes a decision like that he will say it's always conditional to the agreement of the Board" (R. Faucher, 1986, l. 3316).
- "Before we were deciding that [acquisitions and expansions] ourselves, now we have to go through the Board to get their authorization" (R. Marcoux, 1986,

l. 1516).

- "The difference is, right now when we do an acquisition we've got to put that on paper to present to the Board... before we would say, OK, make the deal. Right now we say to the people of the company with which we are making the deal, it's acceptable, subject to the approval of the Board" (R. Marcoux, 1986, l. 1730).
- "When there's acquisitions or things like that, we set up conference calls [with the Board of Directors]" (R. Faucher, 1986, l. 2221).
- "I remember one acquisition that was turned down [by the Board]... they didn't say no, but they more or less said, are you sure you know what you're getting into... it raised a lot of questions... so he did [more digging] and he decided to turn it down" (R. Faucher, 1986, l. 3355).

The approach to acquisitions changed in two other ways as a result of becoming public:

- "Usually we used to just buy the company and then say let's forget about it, let's go. Now it's important to let the public know" (C. Dubois, 1986, l. 655).
- "Today we've got to be more careful... we check more, we take more time" (R. Marcoux, 1986, l. 1880).

The acquisition process was led by R. Marcoux. His own description of their first major acquisition (Chartier Printing) indicates both his involvement in the process and something of his style:

> To do their own publications [for Chartier] it takes only one night. So we were subcontracting some of our jobs there. So I sat down with Denis Chartier and I said, Denis I want to buy your plant. But I had been pushing like hell. I was going to see him every day, every opportunity I had. You know, I stopped off before Christmas and we went to have lunch at the Hotel L'Auberge des Seigneurs over there and, you

know, when he was sitting at the table I went out and I took one envelope and I signed a personal cheque of one million dollars. I put that under the Christmas tree, I said, Denis there's something for you there, there is one envelope there (you know, for the cheque of one million dollars). ... Oh yes that was an important acquisition. I was there every weekend. I was there practically everytime because, you know... we were quite stretched [financially]... it was a big risk (R. Marcoux, 1988b, l. 1500).

It is, therefore, fortunate that R. Marcoux was clear in stating "yes [I want to do more and more acquisitions]. I like it" (R. Marcoux, 1988b, l. 1812). It is also fortunate that these acquisition activities were guided by a clear set of criteria:

> Yes, [we have clear acquisition criteria]. First of all, it has to be [in one of our three sectors]... Management within the company which we try to acquire must be good and [there] must be a good potential for the future... growth. Also, we have to be an important player after a while... we say dominant player [which means large market share]... no [these criteria are not written down], the people in charge, the presidents of each division know. Robert Faucher knows, top management knows (R. Marcoux, 1988b, l. 1194, 1262).

The importance of becoming public in GTC's growth and the importance of this growth in its remarkable financial success was summarized fairly succinctly in the February, 1988 interview with R. Marcoux:

> RD:I guess you're saying that because you're public you were able to become national.
>
> RM:That's right.
>
> RD:Because you're national you're able to make this kind of large, Canada-wide sale.
>
> RM:Yes.
>
> RD:So that supports your growth. Also because you're public you have the financial strength to be able to compete against the big firms.

RM:Exactly. (R. Marcoux, 1988a, l. 888).

Problems with Growth

There were a few problems that were identified as consequences of GTC's growth. Some had to do with absorbing acquired companies and some had to do with information and control as the company got larger.

The first major acquisition, Chartier Printing, was an important and risky growth step. R. Faucher was hired around that time and he "got involved in a job that was called Corporate Controller which is the job that I was capable in. Essentially I was more or less getting involved in St. Hyacinthe [Chartier Printing] because this was the new plant and we were losing a lot of money there" (R. Faucher, 1986, l. 33). R. Marcoux was also very involved in managing this acquisition: "Since we took over that plant we had been adding some equipment which we had problems with. So it could have been highly tough for us if we did not succeed... yes it was a big risk" (R. Marcoux, 1988b, l. 1568).

Several years later, in 1986, GTC acquired 50% of TPS, a photographic service, in order to complete their service offering in the pre-press sector. R. Belair described the process of integrating TPS, and how some of the problems were managed:

> "Things were supposed to work a certain way... but it didn't work like that at all... so, slowly I was asked by Rémi and Claude to get involved at least on the Conseil d'administration" (R. Belair, 1988, l. 364). "During the year, last year [1987] we identified on the Board of Directors some things to correct and they did not... things were getting worse with TPS and Rémi asked me to get more actively involved. I mentioned at that time to Rémi that we should clarify the situation, that he should clarify the situation with the president of TPS and so we did. He did that that same night and the morning after it was done. I was here, actually I moved in. I took an office here" (R. Belair, 1988, l. 450). "I knew what the problem was and in one month after I was here I took all the decisions that should have been taken. I had everything

down on a piece of paper. I told them, Cam and Rémi, I said look, first week I do this, second week I do this and bet you there's a profit in the next month" (R. Belair, 1988, l. 546). "It's his company 50% [R. Guillemette, the owner of TPS] so he needed help and he shouted for help. He's extremely happy now. The company, as bad as it was last year, will probably have a record year this year" (R. Belair, 1988, l. 531).

Another growth problem described succinctly by C. Gentile was that "as the company gets bigger it will just need to do that [delegate] because it will get beyond the limits of what one man can do, no matter how good he is" (C. Gentile, 1988, l. 471).

A different problem, also created by the growth of the company, had to do with the need for information and control. R. Faucher, as Controller and then V.P. Finance, was the one closest to these problems. He described them in both the 1986 and the 1988 interviews. In 1986 he said, "You need more control, you need more information... when you have 20 entities, there's got to be a system that puts all these things together" (R. Faucher, 1986, l. 2315). In 1988 he said much the same thing:

> But what has to change more is the size of the company. I mean, for instance, I've managed three small companies before and you look at the numbers and you can see you forgot something, this is wrong. You've got a handle on what's going on, you know, you live in it. But now you have operations in Vancouver, you've got operations all over the place... you're not close to the operation anymore so everything comes out as a surprise to you. So your management system has to change and all that has to change because now it's not listening and going there and seeing things [yourself]. You have to read things now, it's different. So I don't think it's going public that changes that as much as the size of the company (R. Faucher, 1988, l. 182).

Furthermore, the amount of information required called for a different system. Previously, "all that information, that flow of information was gathered manually. Now you can't do it because it's physically impossible. We have too many companies. It has to be done by computer. So doing it by computer means you have to have the same database so we're working with that right now. We're going to spend a million dollars this year just in trying to sophisticate our management information systems" (R. Faucher, 1988, l. 530).

Opportunities and Limits

"Another good reason [for going public] was giving us the possibility, financially speaking, of doing things a little bit faster than we would have normally done if we would have had to wait for profits to sustain our growth" (R. Faucher, 1986, l. 224). It is clear that going public created a lot of opportunties for growth. "We have learned by experience that a few good opportunities did develop [as a result of being more visible as a public company]... now, we were able to take that opportunity and go ahead. That's right [growth was accelerating]... so by having money in your pocket... you can really develop your thinking.. to the growth of your company" (C. Dubois, 1986, l. 96). One specific example was provided by R Faucher when he stated that "We didn't really have the opportunity to start looking into it [going out west]. After the public issue Rémi decided to take it on his own to start looking out west" (R. Faucher, 1986, l. 3299).

C. Dubois described his feeling that, as a public company, there was an increased commitment to growth: "Going public, you have taken the commitment to service your partners - your new shareholders - who expect a profit, who expect a dividend, and who expect a growth; well justified, planned growth. They expect that. From that point on, you have more of a dedicated commitment in your business to do that; to have growth. I see it as there's no other choice but to provide a profit, to provide a good return on your investment, and the way to do that is to grow as well" (C. Dubois, 1986, l. 170).

One of the ways in which growth opportunities were created as a result of the IPO was in the use of stock for acquisitions. "We didn't think of using that too often. We thought it was some kind of a gadget of some kind. But in fact it proved to be quite a useful too because it permits us to acquire a company without making too big of a cheque" (R. Faucher, 1986, l. 980). R. Marcoux explained one other way that being public helped their acquisitions: "It's helped us to do acquisitions because you just open up the door with your annual report... you've got all kinds of opportunity... it's very good. It's a very good tool... yes, [we get] more opportunities to invest" (R. Marcoux, 1988b, l. 2593). At the same time, the pressure of quarterly reports made internal development more difficult, as discussed previously. "There's conflict now [between acquisitions and internal development]" (C. Gentile, 1988, l. 1362) and this may have been a limitation on compa- y growth.

Finally, the increased size of the company allowed it to take new risks "We're getting bigger... as we're getting more diverse, we're able to take more risks and we're taking them" (J. Aubert, 1986, l. 619). Similarly, new, longer term investments could be more readily absorbed within the larger base: "Our results, although good, weren't as good as in the past. Why was this the case? Because we had made investments in acquisitions and in capacity increases to build for the future, knowing perfectly well that it would have some kind of an impact on our performance compared to previous years" (J. Nepveu, 1988, l. 149)

The most important limitations on growth in the years following the IPO had to do with human resources. First and foremost, growth was constrained by a lack of capable managers:

- "What concerns us is not growing too fast, or, in a positive sense, is making sure that our human resources will follow our pace of growth, is not to stretch ourselves too thin" (J. Aubert, 1986, l. 661).
- "One of the weakest aspects of this company is that they do not have very strong human resources, strong managers" (C. Gentile, 1988, l. 448).
- "We don't expect to buy plants in 1988 in the U.S. because our human resources are quite limited... right now our management is sufficiently enough stretched. They need a little bit of time to get their breath" (R. Marcoux, 1988b, l. 108).

A related, and perhaps more fundamental, constraint had to do with the change in values and attitudes that tend to go with company growth and formalization and the desire of the owner/managers of acquired companies to preserve some of their smaller company characteristics: "I think if we manage well and have the right people we can keep that [the smaller company atmosphere]. That's my impression. That's the challenge... yes [I think the owner/managers have a clear objective to build the company but also to keep the attitude that is there with a smaller company]. And Marcoux understands that and Claude Dubois hates bureaucracy and big companies" (C. Gentile, 1988, I. 1370).

Summary

The two adjectives that can best describe GTC are fast growth and entrepreneurial drive. The growth was largely driven by the entrepreneur, R Marcoux, but it was also supported by good business strategy. Horizontal expansion provided a way to support the acquisition of the latest printing technologies, reduce competition, and provide a cross-Canada service network. Vertical integration was the basis for developing the full service, one-stop concept.

The IPO influenced the growth activities mostly in the area of acquisitions The growth through acquisition strategy became even more entrenched after the IPO mostly as a result of two facts: First, that acquisitions enhanced quarterly profit reports while internal development hurt them, and, second, that shares could be used to pay for some of the acquisition costs The IPO also brought in new cash to support development and increased their borrowing capacity. Increased visibility led to more deals and opportunities while the annual report served as an effective door-opener and credibility builder. Finally, the IPO created conditions that formalized acquisitions and made the Board of Directors active as the final decision making body.

One problem evident in this growth was in the integration of new operations, particularly since the managers were the previously independent owner/operators Another problem was simply the result of growing by adding on previously independent units: The volume of information to manage increased enormously, and the growing needs for computer management were exacerbated by the incompatibility of each new company's existing data base. These problems were, however, addressed and generally solved.

The Finance Code

Companies may go public for a variety of reasons, but raising money is an important one in virtually every case. The Finance code was used to identify the impact of this new money on the financial functions of GTC. It was defined as follows:

> Finance/money: Specific financial information or reference to the finance and financial management aspects of the company Certainly would include any references to the financial impact of the IPO or to any financing undertaken (before or after IPO) (but not to bookkeeping, accounting, and other information systems).

Thirty-six segments were coded as Finance (5.2% of all segments coded). It was used in 9/13 transcripts (69%) The analysis of these 30 text segments was based on a sub-classification into four sub-codes. Two segments were subdivided in this process, yielding a total of 32 segments used in the analysis. The dominant dimension was the range of new financing tools available to GTC as a new public company. In fact, this sub-code ended up incorporating one of the other sub-codes (that identified new financing opportunities resulting from becoming public). The remaining two sub-codes covered the financial management practises and the financial structure

New Financing Tools

There is no doubt that a new public company has financing tools available that it never had before. Cash inflow increases dramatically at the moment of the IPO, and the company can increase its borrowing as its equity increases. It can also use its shares as a medium of exchange, significantly reducing the cash required when acquiring companies At the same time, the new public company, GTC, discovered new opportunities for growth and for financing this growth because of its higher visibility as a public company. These observations are consistent with the statements of owners who have taken their companies public; the most obvious and important motive for going public is to raise a significant amount of new money.

In the case of GTC, their industry requirement for high capital investments drove them to seek large amounts of capital in order to survive, and their strategy of growth through acquisition was handsomely supported by the use of shares as the currency of these exchanges. R Marcoux summed up these aspects of being public

> So being a public company, first of all we are doing the first issue, getting some money in equity. Second, personal withdrawal and the advantage also we have bought some companies by exchanging stock for acquisition And we went back on the market again [for] $22 million and now we have a long term debt of about $40 million. ... We invested $40 million in 1986 This year we have invested $57 million (R Marcoux, 1988a, l. 708).

The first and most evident financial impact of an IPO is the immediate infusion of cash R. Faucher, as V.P. Finance, had a very clear appreciation for the financial implications of becoming public: "[The] first reason [for going public] was to raise money in order to repay part of our long term debt. To position in a [better] debt equity ratio" (R Faucher, 1986, l 192). C. Dubois stated clearly that the IPO "will provide some cash money that will enable us to grow further if we want to, [and make us] more self-sufficient on a cashflow basis. [The IPO] provides a cash position" (C. Dubois, 1986, l. 27) R. Marcoux was, perhaps, more direct. "So being a public company, OK, first of all we have access to 10 million [dollars] in November, 1984 - the initial offer" (R. Marcoux, 1988a, l. 542). The IPO is not only a one time cash inflow. Both R. Faucher and R. Marcoux noted that any subsequent share issues could raise significant amounts of new cash. In fact, GTC did do a second issue in 1986 Thus, "you can start thinking then about going back to the [stock] market. That type of thing was not possible before" (R Faucher, 1986, l. 3055). "Being public you could always go back to the market to sell some equity to finance expansion. So in one way, the speed of expansion is more interesting [being] public and, secondly, it's securing too" (R. Marcoux, 1986, l. 1073).

The IPO brings in new cash as equity in the business. Bankers generally limit their lending based on the amount of equity that the company's shareholders have themselves invested. Thus, as equity increases, so does the borrowing capacity of the firm. One of the stated reasons for the IPO was "to take care of our debt equity ratio which was at that time highly high" (R. Marcoux, 1986, l. 619). The IPO succeeded in not only improving the debt equity ratio as planned, but also in noticeably altering the company's relations with banks and, simultaneously, opening the door to dealing with new financial institutions: "[With] banks. . it's a completely different ballgame. The fact that you get that kind of money into capital makes a big difference for a bank They start being more aggressive The competition among the banks is really crazy Some new bankers have come in and what we've tried to do is to improve our conditions on the past loan" (R. Faucher, 1986, l. 786). Other financing bodies also tried to get in on the act: "Everybody's making financing proposals to me and all that That's because you're public. If it was a private company they wouldn't know" (R. Faucher, 1988, l. 263). This was confirmed through the analysis of some of the non-interview data. A review of R. Marcoux's 1988 March diary showed several meetings related to arranging new financing. R. Marcoux explained some of the entries in this diary: "Kidder Peabody is a merchant banker, a large U.S. merchant banker. I'm looking for something that is major in the U.S. and I was looking with him if I could finance that... Pierre Laurin again, is head of Merrill Lynch in Montréal and this [meeting] and this [meeting are the] same thing... It's tied in with financing" (R. Marcoux, 1988b, l 2241).

The GTC stock price did not suffer any setbacks until the third quarter (summer) of 1987. This was followed by the stock market crash in October 1987. R. Marcoux stated that, as a result of the drop in their share price, "we are more concerned in 1988 about our development... We are careful about our investment which may have an impact on our long term debt situation" (R. Marcoux, 1988a, l. 102). Furthermore, he went on to say, "we were feeling we could always issue a bond, we could always issue stock... We could always get money. Since the [stock market] crash [of October 1987], at least something has changed in our minds" (R. Marcoux, 1988a, l. 130). Nonetheless, this situation was far from hopeless, as R. Marcoux noted himself: "Even today at 52 cents of long term debt for one dollar [of equity] we could still raise $35 million more" (R. Marcoux, 1988a, l. 698).

The new financing tools available to GTC as a public company had a major impact on their growth, especially given that "in our own industry, the printing division, you know, it takes so much money. Investment" (R. Marcoux, 1988a, l. 542) It was, in fact, this need for large amounts of investment capital that prompted the IPO in the first place R Faucher explained "The printing industries mean a lot of investment in fixed assets and to keep on top of the market and to play our role as leader there, we have to invest a lot of money, and in a very short time. So it was getting more and more difficult to raise this money. We were approached by a few brokers that started putting [forward] the idea of going public They [the partners] finally decided to go ahead with that" (R. Faucher, 1986, l 61)

The company solved its capital investment problems with the IPO, allowing the company to become "much bigger because it went public, got access to capital, [and] bought other companies at a far faster pace than it would have" (R. Faucher, 1988, l. 36) R Marcoux also saw the IPO as an important step for the growth of the company because it would "give me some tools for expansion" (R. Marcoux, 1986, l. 619).

The IPO, in altering their financial situation, also altered their perception of what they could do. Opportunities that might previously have been passed up now became more viable. "You see an opportunity to grow and the timing is right to do it... Normally you would say [if you were not public and had heavy debts], 'Maybe we should pass on this' -you might miss a very good opportunity as a corporation" (C. Dubois, 1986, l. 88). Furthermore, the scope of possibilities broadened: "You're looking at a financing of $2 million and all of a sudden someone says to you, 'Hey, you can get ten'. The priorities of the company all of a sudden start to do some shifting... From being a well contained slow growth to a more aggressive expansion" (R. Faucher, 1986, l. 537). By the same token, the fact of being public put a damper on growth plans after the October 1987 stock market crash: "[We] planned to do a convertible bond... [for] between $30 and $40 million and [with] the price [going] from $12 to $6 [there's] no way... In 1988 we are more concerned about our development... We are careful about our investments" (R. Marcoux, 1988a, l. 62).

The possibility of using GTC stock to pay for companies that they acquired was not part of the IPO planning. In fact, "it proved to be quite a useful tool because it permits you to acquire a company without making out too big a cheque... It makes it appealing for them [those acquired] too because the price is not fixed, but the price can be more if the stock has done well. So it proved to be an interesting tool" (R. Faucher, 1986, l. 983). Put simply, the IPO allowed them to "make acquisitions with your own paper and we always try to have the minimum amount of cash in our acquisitions" (J. Aubert, 1986, l. 189). R. Marcoux stated not only that "we had done some [acquisition] deals with our shares" (R. Marcoux, 1988a, l. 548), but also that "if we could make acquisitions with our stock, I would prefer to have my stock at $20 than at $10" (R. Marcoux, 1986, l. 1841).

There is no question that becoming public adds significant new dimensions to the financing possibilities of a company In the GTC case, they used the cash from the IPO (and the second issue in 1986) to support their high capital investment requirements. They were then able to increase their borrowing capacity and to use their shares in payment for a large portion of their acquisitions. These new tools were not fully anticipated when the IPO decision was made, but even if they were unplanned, there is little doubt that the company altered its financing strategies as a result of the IPO. Furthermore, the growth and development of GTC was largely due to its increased financial capability, so the impact of these new financing tools was felt throughout the organization.

Financial Management Practices

The Finance codeword was defined to include "financial management aspects of the company... (But *not* to bookkeeping, accounting, and other information systems)." Financial management was also not a principal focus in the interviews. The fact that only five text segments were coded as Finance: Financial Management Practises is not entirely surprising, given these constraints. The two main ideas expressed in these text segments concern financial controls and the infuence of the company's public accountability on budgeting and investment decisions.

C. Gentile was asked his most striking observations in the six months since he had moved from Domtar to become President of the GTC Printing Division. One of the things he identified was "controls... [They are lacking at] all levels There is not the discipline It's all through [the company]" (C Gentile, 1988, l 1115) He specifically identified cash management as a weak area

> I was amazed, to be honest with you, that as an entrepreneur I thought you would have tremendous cash management strengths... That's not the way it was No [there is not a strong cash management system] Not at all. We don't write our invoices fast enough, we don't go after our customers to collect cash Just totally out of character. I can tell you that at Domtar, that always used to be one of my driving forces. So, it was interesting (C. Gentile, 1988, l. 779)

J. Nepveu described how "during the past year [1987] one of the main changes was to identify very precisely profit centres as such and to work in a profit centre system which was not the case previously" (J. Nepveu, 1988, l. 322). He is, indirectly, supporting C. Gentile's observation, since the lack of precision in their previous profit centre system was, in fact, a weakness in their financial management control

The apparent weakness in financial control at the operating level was, ironically, contrasted by an apparent tightening of control at the executive levels of financial decision making. This was in response to the new public accountability of GTC and the executives' desire to act properly and to keep their shareholders happy. Thus, budgeting was more carefully appraised and monitored: "Today we have to put on paper our capital budget and we have to live with it, because that's what's authorized by the Board" (R. Marcoux, 1986, l. 1606). Similarly, investment decisions were influenced by public statements they had already made to shareholders: "We have said to our people that by the year end of 1988 our long term debt compared to our equity will be lower So we are careful about our investments which may have an impact on our long term debt situation" (R. Marcoux, 1988a, l. 116).

Financial Structure

"No, we didn't invest [any of our own money], we bought the company for a dollar" (R. Marcoux, 1986, l. 331). Rémi Marcoux makes it clear in this statement that their first acquisition, Transcontinental Printing, in December 1975, was virtually fully leveraged. It was entirely financed with other people's money (although they did "sign all of our assets to secure the bank loan" [R. Marcoux, 1986, l. 353]) The ratio of long term debt (other people's money) to equity (the owners' investment) was enormous. Banks and other financiers do not like to be in this high risk position, and "when we went public [November, 1984], if I remember correctly, for a dollar of equity we owned $2.31. . And our last report [showed that] for a dollar of equity we owed long term debt of $37" (R. Marcoux, 1986, l. 1637). R. Faucher also noted the impact of the IPO on the financial structure, as shown by financial ratios: "We brought in 10 [million dollars] so we doubled it up [from what it was before]. So all the ratios changed" (R. Faucher, 1988, l. 3010). The GTC that started as a very highly leveraged company became much more conservative in its financial structure.

The structuring of the IPO deal itself (a question that was asked in 1986 but not in 1988) was, apparently quite straightforward. They spent time setting up a capital structure that would be advantageous to the partners from a tax point of view ("We put a lot of time in the capital structure itself of the company. The structure tax wise... To make sure that we were taking advantage of all the tax advantages that we could get" [R. Faucher, 1986, l. 1212]). They also had to calculate how many shares to create in order to reduce the value per share to a selling price below $10. ("We had to make calculations.. Because you don't want a share that's going to end up being issued at $20" [R. Faucher, 1986, l. 1244]; "Before the structure was a thousand shares... They had divided those shares by so many times to be able to issue so many. We had changed that" [R. Marcoux, 1986, l. 1147]). In addition, the pre-IPO financial structure of GTC was, apparently, very clean: "We didn't have any [internal loans]" (R. Marcoux, 1986, l 1158) When asked about adjustments related to capital dividend accounts, R. Marcoux explained that "it didn't change anything for us personally" (R. Marcoux, 1986, l. 1197) The partners did have "a loan from the company for half a million Being public, we had said [that] the first chance we got we [would] settle that, which has been done after going public" (R. Marcoux, 1986, l. 1226). The fact that the financial structure of GTC as a private company required so few adjustments when they became public its evidence in support of R. Marcoux's 1986 observation that "the company has always been managed with the idea that we would go public" (R. Marcoux, 1986, l 1248).

Summary

It is no surprise to discover that the IPO had an important impact on the financing activities of GTC. The extent of this impact, however, appears to have gone beyond what was initially anticipated. The dramatic increase in borrowing capacity, the use of shares for acquisitions, the new relationships with banks and other financial institutions, and the new opportunities for raising funds were not anticipated in the IPO planning Nonetheless, they had a major impact on the growth of GTC and on the ensuing adjustment that people had to make as the company "took off".

The Stocks Code

The Stocks code was defined for transcript coding as follows:

Stocks, covering anything to do with stock trading (price, volume and market activities), shareholder interest and concerns, and with the fact that the stocks may now be used, for the first time, as a widespread staff reward and incentive, as a recruiting tool for new management, and for other purposes. The stock price might also affect peoples' attitudes and their behaviours, both inside and outside the company.

Forty-eight text segments were coded as stocks (8.1% of all segments coded). It was used as a codeword in 10/13 (77%) of the transcripts. The code definition identifies the impact of stock trading on company activities, in particular the impact of any changes in the stock price. It also identifies the company management's interest and concerns for shareholders, and the impact of stocks on motivation The analysis of this codeword also used sub-codes to identify the use of stocks as an acquisition tool and the stock structure of the company. The analysis was based on the regrouping of the initial 48 segments into these six sub-code categories.

Stock Price

The stock price sub-code regrouped statements about the impact of possible price changes on decision making Three of the 13 segments in this category were affirmations that decision making did not change because of the possible impact of decisions on the stock price, but, interestingly, in each of these segments there were also statements that indicated how, in fact, decision making had been affected. For example, when R. Faucher was asked in 1986 if the stock price had any effect on the decisions he made, he replied, "Absolutely not" (R. Faucher, 1986, l 3684). However, he had just described how he monitors stock price changes, saying, "if it's increasing, everybody is happy and nobody's calling. If it's decreasing you start getting phone calls... But if it goes up more than the earnings. personally, I don't like it" (R. Faucher, 1986, l. 3666). In 1988 he again stated that "I don't think it [the stock price] affects the way we make decisions" (R. Faucher, 1988, l. 2284), and then he went on to give a specific example of how the stock price does affect decisions: "If the stock is depressed like it is now then we have to be careful of our spending because we can't go to the market anymore... So you've got to be a bit more [conservative]" (R. Faucher, 1988, l. 2310).

Similarly, Claude Dubois, when asked if the stock price affected his decision making, said, "No, not at all. As far as I am concerned personally, not at all" (C. Dubois, 1986, l. 972). However, when asked about Mr. Marcoux, he said, "Yes [the stock price affects his decision making]. He's very concerned, and he plays a more public role, being the President" (C. Dubois, 1986, l. 977).

Rémi Marcoux was the person who most clearly admitted to the impact of the stock price on decision making. He certainly recognized the stock price as one important measure of success: "I think the price of the stock depends on our results and our results wouldn't be working out until we get the stock going up" (R. Marcoux, 1986, l. 1933). He also agreed that decision making had become more conservative "because we've got to take care of earnings for our shareholders" (R. Marcoux, 1986, l. 1810). Furthermore, he recognized the value of a higher stock price when using shares in place of cash for the acquisition of other companies: "If we could make acquisitions with our stock, I would prefer to have my stock at $20 than at $10" (R. Marcoux, 1986, l. 1841). Finally, he recognized the impact of a drop in the stock price on the company's financing and growth capabilities, an aspect that is explored in more detail in the next section, Stock Price Decrease.

Others also observed that decision making became more conservative. Jean Aubert stated that "it shortens your time span, and you become more conservative as a result, and there is the pressure of this quarter versus this quarter last year" (J. Aubert, 1986, l. 583). J. Nepveu was more eloquent when he said: "When you become public it's because you need funds. If you want to be able to gather funds in the future your performance has to be up to par and stable in time. And how is your performance evaluated? The first thing and the most common way to evaluate your performance is the way your stock moves on the market on a day to day basis. So you become very cautious in investment decisions, in the way you report your results and this certainly has had an impact on this company" (J. Nepveu, 1988, l. 66).

C. Dubois explained that as a result of having public shareholders and a market-determined stock price, "you live in a perspective that is wider, different, and we have created [for] ourselves a certain amount of pressure on this" (C. Dubois, 1986, l. 1152). A different dimension of the impact of the stock price was expresses by R. Faucher when he said "that if there were no QSSP, the [IPO] price wouldn't have been the same. The price not being the same, I'm not sure if we would have made an issue" (R. Faucher, 1986, l. 738). The stock price had an impact on the IPO decision itself!

R. Marcoux summed it up perhaps most clearly when he said, "It's clear to me in my mind that you have to pass in front of your judge every three months" (R. Marcoux, 1988a, l. 517).

Stock Price Decrease

GTC had a remarkable track record from its IPO in November, 1984 until its third quarter results were published in the summer of 1987 - its sales and earnings went up in every quarter, often dramatically, and its stock price never experienced any real decrease. This changed in the third quarter of 1987, when both revenues and profits dropped from the same quarter in 1986, and the share price dropped from $12 to $9. Then in October, 1987, the stock market crashed and GTC shares went from $9 to $6.

The reaction to a decrease in the stock price was a hypothetical question in the 1986 interviews. R. Marcoux said then that "I don't know if I will have so many friends when the shares will go down" (R. Marcoux, 1986, l. 685). C. Dubois said that if the share price were to drop, "even though you may not have the questions [from employees about why the price dropped], you feel that you have it just the same and you feel obligated to them" (C. Dubois, 1986, l. 1149).

Statements made by four of five different people in 1988 were consistent in reporting that the price decreases of the preceding summer and fall had had no serious impact on the company and the people in it:

- "My own reaction was a little disappointment, for sure, but... No one thinks that the company will go bad. We take it as a question of time... But I can tell [you] that it did not reflect at all on the floor... The people who had shares had been with us for a couple of years so they know us and they know that we are honest and that we are doing our best" (R. Belair, 1988, l. 1086).
- "I haven't heard much about employee reaction to the fact that the price has gone down... The question that the fortunes of Marcoux and Dubois have gone down by millions and how are they reacting, they are not reacting at all... I don't think it has had a major impact on the morale" (J. Nepveu, 1988, l. 758)
- "I think the fact that it was within an event called the Crash, it's accepted as part of this... It isn't perceived to be as a result of poor management or poor direction or long term results of this company... I haven't heard anyone saying, you know, 'Darn this is bad, it's bleak, God what the hell are we doing.' There is virtually no discussion. I think everyone believes that this company is going to set all kinds of records and everyone believes that the share is going to zoom... They're not worried" (C. Gentile, 1988, l 1402)

R. Marcoux was, perhaps, more aware than others of the impact of the lower stock price, although there was no evidence of any sense of loss at the decrease in his own personal net worth. He saw the lower stock price as an impediment to their financing and growth plans: "I had in mind [to issue] between $30 to $40 million convertible bonds into shares and the price from $12 to $6, no way" (R. Marcoux, 1988a, l. 63). He restated the same position in a second interview one month later: "Now with the price of our stock there is no way that we will issue more stock or no way that we will issue a convertible debenture" (R.

Marcoux, 1988b, l. 316).

R. Marcoux also expressed more concern than others about the reasons for the drop in the stock price, particularly after they published their 1987 third quarter results showing poorer performance than the 1986 third quarter:

> The stock went down from $12 to $9, which I was concerned [about] before publishing my [third quarter] results. But I didn't know that the reaction of the public would be so fast. I have always been concerned to produce every three months results and people judge your company on a three month basis... It [the price drop] does not affect how I sleep at night. But it concerned me like hell. The crash and its impact on our stock did not bother me too much because all people were in the same basket... But from $12 to $9, I had lots of questions why (R Marcoux, 1988a, l. 276, 375).

R. Faucher essentially concurred with this analysis when it was repeated to him His perspective was in relation to stock analysts and he noted a change in both the frequency and the nature of their calls: "After we published our third quarter I spent here six or seven days over the phone, only on the phone with analysts because they were upset . It was very difficult after we released our third quarter, but not from our employees, from the community. But then with the crash everything just collapsed so I didn't get a phone call after" (R. Faucher, 1988, l. 2488).

The analysis of the stock price and of the stock price decrease suggest quite clearly that decision making was affected by the fact that shareholders could react to company behaviours by increasing or decreasing the stock price. Decision making appeared to become more conservative and, perhaps, with a more short term perspective. The 50% drop in the stock price in the summer and fall of 1987 did not, however, disrupt either morale or behaviour within the company, except at the executive strategy planning level, where growth plans were curtailed because of a higher cost of capital.

Acquisition

The possibility of using GTC shares as a way to pay for acquired companies was not an important consideration in their pre-IPO planning, but it did turn out to be both frequently used and advantageous. R. Marcoux, in discussing this approach to acquisitions, indicated that "[we] have done some deals with our shares... It cost me dilution... [But] yes, that's right [if you acquire assets that are worth enough, then even the dilution is not there]" (R. Marcoux, 1988a, l. 549). Clearly, a higher stock price makes for less expensive acquisitions because you have to give up fewer shares, as R. Marcoux noted in 1988: "If we could make acquisitions with our stock, I would prefer to have my stock at $20 than at $10" (R. Marcoux, 1986, l. 1841).

The use of shares in acquisitions was not only to reduce the cash outlay. It was "especially important that the people you buy stay with the company because then you say, 'Listen, if it [your company] is as good as you say it's good, you're going to help me make that company grow and do well and the shares that you have are going to be worth more.' So it's an incentive for the people being bought of performing, and for us, for the purchaser, it's a way of acquiring assets without making cheques all the time. So it has proven to be very, very useful" (R. Faucher, 1986, l. 1010).

The other side of the coin is that as a public company "you know, we are always open to public offering [takeover bids]" (R. Marcoux, 1988b, l. 1119). This situation had not arisen, although they had received offers to buy the whole company, but "we're not interested... I'm not interested to sell" (R. Marcoux, 1988b, l. 1154).

Motivation

"After being public, we have created option programs for our key people... We have already issued 30,000 shares according to the past services of our middle management. It's one other good point of going public" (R. Marcoux, 1986, l. 1164). In fact, stock options as an incentive for management pre-dated this program of 60,000 shares: "To attract Claude

Beauchamp as a partner, I made a deal with him. In the beginning he bought 15% of the company... I had to make a kind of a deal with him... [that] if we succeed, Claude, he could get 49% of the equity of that publication. And he succeeded, because he's now up to 49" (R. Marcoux, 1986, l. 208). The 1988 interviews with R. Marcoux revealed his continued commitment to motivating management with another stock option program: "Last year at the annual meeting we asked the shareholders to, you know, we put aside half a million shares which could be issued to our key employees" (R. Marcoux, 1988b, l. 2766) A company memo outlining the major characteristics of this stock option plan presented the objective of the plan as follows:

> The Stock Option Plan has been established in order to increase motivation, performance and a strong feeling of belonging within GTC senior management by allowing them to build equity in the company. The plan should also enable GTC to attract experienced and competent new managers in the company (Nepveu, 1987)

Those on the receiving end of the stock option program admitted to its importance, not only in motivating their performance but also in enticing them to GTC in the first place C Gentile, recently hired (as President of the Printing Division) at the time of the 1988 interview, said that "the idea of being involved with some share options which was tied to my ability to make this company continue to grow, that was interesting . In ten years, if I were to stay here, I could probably retire if the company succeeds... I would be a lot better off with this company [compared to Domtar] because of the share value" (C Gentile, 1988, l 95). R. Gagnon, also recently hired (as V.P. Human Resources) at the time of the 1988 interview, said that "the first week that I worked here I bought stock" (R. Gagnon, 1988, l. 964) and that he had also bought GTC stock three years earlier at the time of the IPO.

The motivating aspects of public stock were not limited to the management. All employees were encouraged to buy shares: "When we did some public offerings we have financed their opportunity to buy shares... [By giving a] one year loan without interest" (R

Marcoux, 1988b, l. 2700). Furthermore, once they become shareholders, as many of them did, "they got the quarter report, every quarterly report. Also our annual report, which we are proud of... Yes, yes [they have more commitment]" (R. Marcoux, 1988b, l. 2669). R. Gagnon stated it very directly when he said, "People feel that they are part of a winner... They see the stock" (R. Gagnon, 1988, l. 825).

Finally, the fact of public stock trading was also motivating for the owners, at least R. Marcoux. In the first instance, it allowed him to continue to realize his motivations to build GTC: "There's no doubt [that becoming a public company was very important for the development of GTC]" (R. Marcoux, 1988a, l. 528). In the second instance, he was able to take considerable pride in being evaluated by investors at the same price-earnings ratio as the largest competitors in the printing and publishing field: "You see, when I was at [a price-earnings multiple of] 21 the industry was about at 21. Being an emerging company, a small company, the price-earnings was high. But expectations were great according to our track record and so on. If we just consider that at 21 times we are about the same as the 'biggies' [large, very well established companies in the industry], you know, we were quite happy, quite excited about that" (R. Marcoux, 1988a, l. 476). The result was an owner who continued to be fully involved and motivated in building the company, and not interested in entertaining any offers to sell out: "You know, we had a couple of offers for the whole company and right away we closed the door. We said, 'We are not for sale at any price, forget that, don't lose your time!' ... We're not interested because I like that company... Maybe I'm making a big mistake, but anyway!" (R. Marcoux, 1988b, l. 1141).

Share Structures

"You're looking at a financing of $2 million and all of a sudden someone says to you, 'Hey, you can get ten'" (R. Faucher, 1986, l. 536). This was clearly one of the big incentives for going public in the first place - to get a lot more money. The legal structure of the QSSP program provided important incentives as well, given "the fact that it was [tax] deductible, in our case 150%, ... I think, personally, it probably helps in getting a better price" (R. Faucher, 1986, l. 695). In fact, without this QSSP feature they may not have undertaken the IPO, as noted earlier (see Stock Price section). In order to undertake a public issue, GTC also had to legally change its share structure to issue more shares so that the price per share would be $10 or less (see R. Marcoux, 1986, l. 1141).

R. Faucher recognized that "you can start thinking again about going back on the market. That kind of thing was not possible before" (R. Faucher, 1986, l 3055). Raising new capital can trigger a share restructuring in order to raise more capital while the founding owners still retain control. In fact, after two public issues, they were "changing the statutes of the company now to be able to issue subordinate shares... In order for us to keep on getting capital without the majority shareholders losing their control" (J. Nepveu, 1988, l 872) A further reason for diluting the share structure was because "we have agreed that we will cash [in some shares] over the next few years... That's why we have decided to issue some subordinated shares" (R. Marcoux, 1988b, l 1067). R. Marcoux had himself pointed out in an earlier interview that "when you are a private company, who is interested in buying 6% of your company? Nobody. But being a public company is a big plus" (R Marcoux, 1988a, l. 676)

The three founding owners kept proportionately the same number of shares before and after the IPO. (R. Marcoux - 51%; C. Dubois - 30%; A. Kingsley - 19%) R Marcoux was controlling shareholder before the IPO; after selling 15% of the company to the public, he owned only 43% of the company (51% x 85%). A legal document was negotiated and created in order for R Marcoux to maintain personal control of the company: "I have a voting trust up to 1997 to vote those shares [Dubois' and Kingsley's]. There is no way that I will lose control of it" (R. Marcoux, 1988b, l. 1082).

There were, undoubtedly, other changes to the legal structure as a result of the many acquisitions in which shares were an important part of the purchase price. They also "have done one exchange. He [C. Beauchamp] gave us his share of Les Affaires and we gave him shares of Groupe Transcontinental" (R. Marcoux, 1986, l. 286).

The increased focus on the legal structure of the company and the increased frequency of its being changed made it important for R. Faucher to listen to a colleague (in a similar position at another new public company) who told him, "You should know [the law of the SEC by heart]. All those regulations, that's your job" (R. Faucher, 1988, l. 984).

Shareholders

"Your new shareholders, who expect a profit, who expect a dividend, and who expect a growth, well justified, planned growth. They expect that. From that point on, you have more of a dedicated commitment in your business to do that, to have growth. I see it as there's no other choice but provide a profit, to provide a good return on investment, and the way to do that is to grow as well" (C. Dubois, 1986, l. 172).

The company showed itself to be conscious of its responsibilities to shareholders, trying to do the right things, provide good operating results and keep shareholders informed. C. Dubois summed it up concisely in saying, "Certainly we are concerned about having our shareholders happy and we adhere to that very strongly" (C. Dubois, 1986, l. 1124).

R. Faucher, in talking about the considerations that lead to the IPO decision, indicated that one of R. Marcoux's concerns was the new responsibilities, "like taking care of shareholders... And having to let your shareholders know ahead of time of the different projects... Just going out there and letting everyone know their marketing strategies. I guess it was a very big move" (R. Faucher, 1986, l. 155). The decision to go ahead with the IPO was made, however, and R. Marcoux clearly recognized the change: "You know, before taking on this, we were our own interests. Today, in any move, it's our own interests plus the investor" (R. Marcoux, 1986, l. 1826). C. Gentile felt that company management didn't have "an understanding of what public means... You represent the shareholder" (C. Gentile, 1988, l. 1537), but he did agree that R. Marcoux seemed to have a very clear and a very strong orientation towards his shareholders, and that his shareholders were seen as an important part of the GTC family.

The impact of R. Marcoux's attitude towards shareholders was reflected elsewhere in the company, particularly in the need to provide shareholders with sufficient information, on time. R. Gagnon was particularly impressed by this attitude towards shareholders: "It's the first time in my career where I'm exposed to a place where we talk about that [needing to get information to the shareholders] and the impact it will have on the shares . Yes [that attitude was always there]... They [Marcoux, Faucher, Dubois] communicated it to the other people" (R. Gagnon, 1988, l. 1169). One result of this was a greater need to get reports out on time "When you are private you can have the reports three months late It doesn't matter . . But with a public company you cannot say that. You have to present your results It puts some pressure on the information system and also on the way the people work systematically to prepare that" (R. Gagnon, 1988, l. 1130)

This responsible approach to shareholder relations was reinforced by the fact that "Rémi knows an awful lot of shareholders on a personal basis And we certainly feel that we have a responsibility - it's not an anonymous mass all of his friends are shareholders of the company" (J. Aubert, 1986, l 533). R. Marcoux echoed this by saying simply, "I know lots of my shareholders" (R. Marcoux, 1986, l. 684). This friendship was a two-way street, and when the share price dropped, many remained loyal· "The people who had shares have been with us for a couple of years so they know us and they know that we're honest and we're doing our best" (R. Belair, 1988, l. 1128).

J. Aubert summed it up effectively when he said, "We do care for our shareholders... I think that from that point of view this company has shown an awful lot of maturity quickly" (J. Aubert, 1986, l. 969).

Summary

Selling company shares to the general public was, for GTC, more than simply a way to raise new capital. The ramifications of this act impacted on the way decisions were made and the ways in which people throughout the company were motivated. Decisions had a greater focus on immediate results and a concern for maintaining a good stock price. They were more conservative Motivation was affected by employees becoming shareholders through share purchase and stock option plans. The selling of shares to the public also had a major impact on the growth rate of the company and the use of acquisitions as a key element in that growth strategy. Finally, it created new tasks for management in order to comply with statutory requirements and their own desire to develop good shareholder relations

The Markets Code

The Markets code was defined for transcript coding as follows.

Markets The company in relation to its various markets Includes orientation and attitude to competitors and suppliers as well as customers. May refer to current, past, or future situations; the maintenance and change in the makeup, size, or quality of the groups

This codeword was not used as much as many of the other codewords: 21 segments were coded as markets, representing 3.6% of the total number of segments coded for all 13 codewords In fact, the Culture codeword was the only one used less frequently (19 times, 3.2% of all segments coded). Markets was used as a codeword in 9/13 transcripts (69%). The analysis of this codeword does, however, reveal some important aspects of GTC and the way it functions

The code definition identifies competitors, customers, and suppliers as the three relevant markets to consider. In fact, 52% (14/27) of the segments coded as Markets referred to the customers' market, while 33% (9/27) referred to competition and 15% (4/27) to suppliers. This distribution of codings seems to reflect the relative importance of each of these markets in the consciousness of the company managers. The company demonstrated a stronger orientation towards customers and customer service, with a clear awareness of and concern for competition, but with no great emphasis on their suppliers.

Customers

"The company's clientele consists of about 300 regular Canadian and American clients, including most of the largest Canadian retailing organizations, such as The Bay, Sears Canada, K-Mart, Canadian Tire, Consumers' Distributing, Zellers, Provigo, Steinbergs, Shoppers Drug Mart, Pharmaprix, Metro-Richelieu, as well as many local and regional advertisers" (Boileau, 1987, p.3). GTC had a company philosophy that consistently focused on the customer. This attitude was clearly expressed by at least three of those interviewed in statements such as the following:

- "I think the market and the client . I think we talked mostly all the time about that .. It's always in those terms In terms of the market, market share, the customer... In large companies, when you are a corporation, you lose track of that" (R. Gagnon, 1988, l 625)
- "The commitment to service and flexibility in terms of accommodating the customer. This company has been driven by the customer, sometimes to a fault" (C Gentile, 1988, l. 924)
- "It costs more money, but the customer is not let down" (M. Vachon, 1988, l 606).

This orientation towards customers is focused on customer satisfaction, and partly driven by competitive pressure: "It's a matter of speed, quality, and productivity. If you don't do it, the States or your competitor will... Product innovation is something that the customer [also] asks for" (M. Vachon, 1988, l. 682).

This customer orientation seems to be rooted in the earlier days of the company when the owners were in more direct control of all day to day activities They were able to "have a good perception of the market, what's happening with the customer base, what's happening with the product line, what's happening with the equipment supplier and so them being on top of that, they can make the right decision" (C. Gentile, 1988, l 839) One of the ways that this orientation was maintained as the company grew and added new plants and other new businesses was through the selection of companies to acquire. "If you look at Rémi, what he buys, he looks at the philosophy of the owner that he's bought He has to have the same philosophy he has Hard work, commitment to servicing the customer, commitment to the product line, commitment to the people So generally he's done a very good job in being able to hire or to buy these companies with that kind of philosophy" (C. Gentile, 1988, l. 937).

Improved customer satisfaction was also central to the company's basic growth strategy GTC had already, as a private company, differentiated itself from its competition by specializing in the flyers market After becoming public, the company was able to extend this strategy not only by offering a fuller range of services to its customers in the flyers market, but also by building a national network of plants so that it could completely service its many national customers (retailers like Zellers, Canadian Tire, The Bay, and so on) The advantage is in "having plants close to your distribution point" (M. Vachon, 1988, l. 568). Prior to setting up the network of plants across Canada they had "some national accounts but we were printing central and eastern Canada Other jobbers were printing the west coast" (M. Vachon, 1988, l. 588) R Marcoux expressed it clearly in the following segment from the interview in February, 1988

> RM:If we had not gone public, it would have been very tough for us because right now we have a main advantage, we say to Sears, you produce [flyers for your national sales events] about 37 times a year. We'll print that for you in Calgary, we'll print that for you in Toronto, we'll print that for you here in Montréal. In one weekend, instead of shipping stock from Toronto to B.C. - faster turnaround and you will be sure to have exactly the same standard from one location to another because it has been printed on the same press.
>
> RD.Are you saying that because you're public you were able to become national?
>
> RM:That's right

RD:Because you're national, you're able to make this kind of sale.

RM:Yes.

RD:So that supports your growth (R. Marcoux, 1988a, l 849).

The IPO also turned out to be helpful in entering the U.S. market to increase their customer base. Although C. Dubois stated in 1986 that "you don't develop business because you are public" (C Dubois, 1988, l. 308), he did go on to say that "vis-a-vis some new clients, in the U.S for example, yes it would have been a security for them [to know that GTC is a public company] in taking their decision [to do business with GTC]" (C Dubois, 1986, l 370) R. Marcoux was more clear. "We are developing sales in the U S and our salesmen, having their annual report and package, it helps us to open the door Definitely" (R Marcoux, 1986, l 979). He cited the sale to the Yankee Publishing Company (producers of the Farmer's Almanac) as an example where showing the IPO prospectus and subsequent annual report was important in proving themselves to this new U.S. customer Finally, R Faucher was perhaps most explicit in describing the advantage of being a public company when approaching potential new customers in the U.S :

> The credibility has increased. For instance, it was a decisive point when we approached K-Mart in the States . Instead of just giving your card and saying, 'Here's my card', you give your annual report and you say, 'Here we are, we are all established, we are financially well organized and you can do business with us We are serious people'. So it gives us, I would say, a good entry. It's definitely a good entry (R. Faucher, 1986, l 263)

The one disadvantage of becoming public, in relation to customers, was noted by R. Faucher when he said that "the biggest disadvantage was for our customers to know our results" (R. Faucher, 1986, l. 375) He felt that the public disclosure of their high profitability "might create, let's say, a little additional pressure when it comes time to negotiate [contracts with customers]" (R. Faucher, 1986, l 386).

Overall, this analysis of the customer market shows that the customer orientation originated with the owners' attitudes and philosophies, but was then perpetuated through the selection of acquisition candidates and as a driving force for the company's growth strategy in the post-IPO period

Competition

The IPO provides information to the public, including competitors, and this information includes, at the least, financial and activities reports along with statements of plans and strategies for future growth. At GTC, some key managers expressed concerns about this release of information to competitors. It is, however, interesting to note that eight of the nine transcript segments in this category (Markets: Competition) were from 1986 interviews. R. Faucher summed it up well at the time when he said:

> We had all kinds of feedback at the time saying, "We never thought they were making that kind of money." Of course it puts the competition a little more aggressive and it shows all your strategy because you've explained it all. You've explained where you come from and where you're heading It's a, I would say, a big inconvenience (R. Faucher, 1986, l. 412).

Claude Dubois was more definite than Faucher when he said, "Yes, that's one point I didn't like. You asked if there were negative points before. That is one part that I didn't particularly like... This is taking your clothes off" (C. Dubois, 1986, l. 400).

One part of the concern was the actual information now available to competitors: "Competitors, if they know how to read, they can deduct that you're going to do this move, or this move" (R. Faucher, 1986, l. 178). The other part of the concern was that competitors would be able to glean more pertinent information from analysing GTC's public documents than GTC could gain from analysing theirs. GTC's competitors are "part of a bigger company. So when you try to analyse the results, you can't really put your finger on the kind of profit they made.. In our case, it's not that big, and the printing sector is most of the company. So it was a little different... If you work for the competition, they [our numbers] are very easy to analyse... So they have that little more information about me than I have about them" (R. Faucher, 1986, l. 925).

The dissenting view was that of R. Marcoux. In 1986 he stated that increased information available to the competition was "not a major problem, it doesn't bother me" (R. Marcoux, 1986, l. 747). He felt that GTC was sufficiently specialized in the flyers market to be protected from its largest competitors (printers and publishers): "No one has all the links of the chain like us. OK, because we've got the photography, we've got colour separation, we've got typesetting, distribution, and so on. We are highly specialized" (R. Marcoux, 1986, l. 1046). GTC was successfully developing its niche in the fast growing market for flyers. Furthermore, GTC took pride in being energetic and innovative, able to compete with even the larger companies. This was shown in the management of the Chartier Printing plant: M. Vachon, the Plant Manager, stated that they had been operating this plant seven days per week since they first acquired it; R. Marcoux said in a subsequent interview that this increased operating time gave them a cost advantage over his competitors who mostly operate on six day weeks.

This same attitude prevailed in 1988. Now Marcoux was able to see how the new financial resources of a public GTC had allowed them to further develop their niche strategy by building a national printing plant network and maintaining a strong orientation to customer satisfaction (see further discussion in the Customers section): "You know if [we] had not been public [we would] have financial difficulties like hell... They [the big competitors in printing and publishing] could invest, but now I really don't care because I could invest more money or as much and [besides] I have already developed some expertise [in the specialized flyers market]" (R. Marcoux, 1988a, l. 910). The Distribution division, however, was not as well insulated from competitive pressures. In 1987, Unimedia, a Québec City firm that had been using GTC's distribution services for some time, tried to set up their own operation in

Montréal. Cut throat competition resulted that pushed the Distribution division into the red. This situation was finally resolved when Unimedia was sold. "Telemedia acquired all these assets and subsequently struck a deal with GTC... Telemedia gets a 15% interest in the new venture and in return GTC achieves a 15% interest in the Telemedia division that publishes the weekly community newspapers" (Hanskamp, 1988, p.5).

One final comment worth noting, if only because it is the only clearly positive statement in this area of competitive markets, was from C. Dubois, when he stated that all their competitors are large and they are "involved in a game of giants... It was good for us to be identified also as a fairly large group, also public" (C. Dubois, 1986, l. 387).

Suppliers

There were only four segments identified in this category (Markets: Suppliers), all from 1986 interviews. Essentially, the company's supplies are highly standardized - paper and ink - and the established relations were not problematic. The only advantages identified from being public were that suppliers could feel more secure about getting paid and they might provide some better discounts, rebates, or payment terms: "They'll try to make a good deal because they're no longer concerned about, is this guy going to pay you? They are more concerned about, are you sure we'll keep him as a customer?" (R. Marcoux, 1986, l. 859).

Summary

The various statements coded as Markets show clearly that the customer came first at GTC, and this seemed to have been the case from the beginning of the company. Statements about competition were mixed, with one view concerned about the information now available to competitors, while the other remained confident that the specialized nature of GTC's approach to the flyer market provided sufficient competitive protection. Finally, supplier relations did not seem to have changed in any major ways as a result of the IPO.

The Human Resource Management (HRM) Code

The code definition that was used to guide the coding of the transcripts for the HRM codeword read as follows:

> Human Resources Management, covering everything related to managing and developing the human capital of the firm. Includes personnel activities, like recruiting (and peoples' reasons for coming to the company), selection, hiring and induction, benefit and compensation plans, personnel records, and training. Also includes actions, intentions and expressed attitudes about motivating people, maintaining or improving working relationships, managing conflicts, and finding, building and keeping a management "team".

Sixty-three segments were coded to HRM; it was used in 11 of the 13 transcripts (85%). The HRM analysis sub-classified the original 63 segments into 103 segments in six different sub-codes. The interpretation of these sub-codes showed the HRM function to be people-centred and able to use various stock option programs as motivational benefits. Recruiting was highlighted as an important, ongoing activity, while at the same time, the company's human resources were being stretched too thin. The final sub-code, policy and structure, identified some of the ways in which the HRM function was evolving to become more formalized and clearly structured.

People-Centred

"It's an organization of people... It's more human" (R. Gagnon, 1988, l. 657). This statement, by the recently hired V.P. of Human Resources whose previous experience was at Domtar and Steinberg's, expresses a company attitude to people that was reflected in many other areas.

No company can grow as quickly as GTC without strong people and without the capacity to add capable new people at a fast rate. GTC set the stage for this growth in its human resources with the policies and philosophies they established before becoming public and they maintained it largely due to the continuing focus on human resources from the company's President and driving force, R. Marcoux. M. Vachon, a Plant Manager who had been with the company since before the IPO, pointed out that "at these early days they insisted a lot on training, training of people at all levels" (M. Vachon, 1988, l. 13).

The concern for the development and management of people went beyond training. R. Gagnon came in as the first Corporate V.P., Human Resources, in 1987, but he did not have to start from scratch:

> I find in the filing cabinet a lot of good documents in HR and policies that they have developed in 1981/82. And it was before going public... It was good stuff, I found that that was good stuff. Except that between '83 and '87 the growth was so fast that they were unable to keep up to date... [They were] preoccupied by having rules and a management style that will respect employees and be fair... Like policy for bonus, policy for profit sharing, policy for performance appraisal, goal setting every year with employees. It was in '81/82. There was a policy that each location should have an employee's manual (R. Gagnon, 1988, l. 1569).

The role of R. Marcoux in setting the tone for this philosophy about people comes through in the most of the segments coded as HRM:People-centred. His role is evident both before and after the IPO, and he was particularly active in seeking out, recruiting or acquiring, and integrating new managers.

R. Marcoux, in describing his reasons for going public, explained that he "wanted to have my key people partners because we had an option program for those key people... You give advantage to your people which have been associated with you" (R. Marcoux, 1986, l. 627, 1176). The IPO, in creating the possibility of a stock option program, provided a way "to permit the key employees to participate in the growth of the company... That was appealing to Rémi Marcoux" (R. Faucher, 1986, l. 209). The non-management employees of the company were also considered in important ways when the IPO was planned. R. Faucher explained that "what we did at the very end was that I met every single shop... [we] said that we're going to do it and we kept them posted on how it was going and what we had in there for them... People were very excited about it. I guess it meant a lot of pride for them to be part of a public company. It was very good" (R. Faucher, 1986, l. 1781). C. Dubois echoed this explanation when he said that "we wanted to get all of our people involved in this company by buying shares... [We all went,] but mostly Rémi, to go see each plant, each subsidiary, each printing plant as well, to expose that and to develop that with the people... So they were prepared in that respect" (C. Dubois, 1986, l. 533). The fact that R. Marcoux decided to invest his own time in meeting personally with all GTC employees reflected the situation that "GTC was a family... The President could walk in just about every plant and know just about everyone and talk to them and shake their hands and encourage them" (J. Nepveu, 1988, l. 741). After the IPO, R. Marcoux remained "very human oriented. He cares The money hasn't gotten to his head" (C. Gentile, 1988, l. 660). This was shown in his concern for making sure that employees were informed of company activities, at the same time that he wanted employee communications improved:

- "In all our companies there is an internal journal in which, you know, we speak about things going well [in the company]" (R. Marcoux, 1986, l. 1980).
- "We produced a film here on GTC... This film has been circulated in our plants" (R. Marcoux, 1988b, l. 1287).
- "The communication system with all our employees, you know, has to be improved. That's Gagnon's job to more inform our employees of what we are shooting for... Yes, yes [it's important that employees should know as much as they can so that they will understand the company]" (R. Marcoux, 1988b, l. 1269).

R. Marcoux's role in maintaining the company philosophy about people also shows up in R. Gagnon's description of the process he followed to get the pension plan established:

> I said, look Rémi, I know that your commitment was for two plants but I don't think we can do that... You always said that you have the management philosophy that you

don't make the distinction between unionized and non-unionized people... I cannot see how we can communicate that and implement that with two plants and not talk about the others, the management, employees and all that. In a meeting of two hours I come out of the meeting with an OK for a pension plan for the total company and also what type of pension and what budget (R. Gagnon, 1988, l. 114).

Additional information in this regard came from some of the non-interview data that was gathered during a Management Committee meeting on March 21, 1988. Observations noted down by the researcher listed respect and concern for people as the most frequent issue in the discussions. This included reports on the integration of newly hired and newly reassigned persons, existing and potential partners, outside experts who might be able to assist in resolving current issues, and discussion on how to share the pride and accomplishment of having just won the prestigious Mercuriade award of the Québec Chamber of Commerce as "Business of the Year" for 1987. This reflection of management values at the highest level of operating executives of the company represents important evidence of their people-centred attitude and, as non-interview data, it represents a triangulation that increases the accuracy of this observation.

The third important role of R. Marcoux in setting the tone for the company's philosophy about people was in seeking out, recruiting or acquiring, and integrating new management resources for the company. The largest part of GTC's growth came through acquisition, and in these activities R. Marcoux was explicit in saying that his second most important acquisition criteria was that "management must be good. We are not interested in buying a company just to buy. What we are looking for is good management... You want them involved, yes, because the way we operate our company is decentralized. So the action is in the affiliated company so the management has to be good" (R. Marcoux, 1986, l. 497).

C. Gentile described not only R. Marcoux's importance in the acquisition process, but also the critical role he played in the integration of these new company managers: "If you look at Rémi, what he buys, he looks at the philosophy of the owner that he's bought. He has to have the same philosophy he has... Commitment to the people" (C. Gentile, 1988, l. 937). The integration of these company owners into the larger GTC company was potentially problematic, because when "you bought a business, you bought an individual that owns a business. You have a bunch of individuals all priding themselves on how to run a business in their own context but not within a larger organization... [However,] Rémi has done a very good job of pulling them together, also the right chemistry, the right philosophy" (C. Gentile, 1988, l. 971).

The concern for "pulling them together" continued after the intitial acquisition, as was amply demonstrated when there were problems with R. Guillemette, who had joined GTC when R. Marcoux acquired 50% of his business, TPS. R Marcoux, C Gentile, and R. Belair worked with R. Guillemette to reorganize the company. In the days following this resolution, R Belair described that "Rémi and Cam [Gentile] have been asking me everytime they see me, they say, 'How's Ronald [Guillemette] taking it?' If I was in his place, I would like what's going on" (R. Belair, 1988, l. 658).

R. Marcoux also seemed to apply the same approach to recruiting other managers, even if they were not the owners of acquired companies. C Gentile and R Gagnon, both recently hired into executive positions at the time of the 1988 interviews, each indicated that R Marcoux was one of the important reasons they chose to leave their previous jobs to join GTC. C. Gentile said that "I felt that the chemistry was good. I thought that I could relate to him and I could work with him and that's important" (C. Gentile, 1988, l. 667)

The people-centred philosophy of the company was an important element in the company's decentralized operating style, as R. Marcoux pointed out in his description of their second most important acquisition criteria (quoted above). R. Gagnon reflected this philosophy in his description of the hiring approach he instituted: "What we kept here as a centralized function is that we will establish with the Management Committee the policy and I will design the procedure... Then after, they will do the hiring themselves" (R. Gagnon, 1988, l. 450). This decentralization was intended to provide direction without being overly rule-bound or constraining: "I told the people, 'If you feel we are getting too bureaucratic with that, tell me because that is not what we are trying to do'" (R. Gagnon, 1988, l. 444). C. Gentile also described how he was trying to develop more independent capabilities in his people so that they could work more effectively in this decentralized system: "I want to make sure you've done your homework... [to] justify a million dollar expenditure... I want them to start to think. I want them to start to use that kind of rationale" (C. Gentile, 1988, l. 404). This approach towards independent action did filter down through the organization, as illustrated clearly in R Gagnon's anecdote about how his newly hired secretary managed to get her own desk, typewriter, and work area set up and organized, without R. Gagnon's assistance, on her first day on the job. "The type of people that we are here, they make their own jobs... People who have talent and potential, they organize themselves" (R. Gagnon, 1988, l. 733). This was, apparently, by design. R. Gagnon went on to explain that "we want to give a little bit of freedom to the people.. [Some] will have difficulty with that. They have been trained to just execute direction, to do what the boss wants. Now they will have to take more initiative" (R. Gagnon, 1988, l. 801).

People drove the human resource policies and systems, not the reverse. R. Faucher described how the organigramme was an evolving structure, adjusting to the human resources within it: "We know it's going to move. And it's going to move depending on the strength of some of the people we are going to get" (R. Faucher, 1988, l. 1621). Similarly, the selection of human resources for the company was based more on individual characteristics than on rigid policy guidelines: "Here we put a lot more emphasis on the selection of people than on making sure that the salary of the guy will fit within our policy" (R. Gagnon, 1988, l. 666).

The GTC people-centred philosophy was a driving force behind its human resource management function. It was apparent in company activities, both before and leading up to the IPO, as well as after. R. Marcoux provided the leadership and undertook a lot of responsibility in this area; at the same time, it was disseminated throughout the organization and was evident at all levels.

Motivation and Benefits

Ten of the 16 segments subcoded as HRM:Motivation identified the use of stocks, in one way or another, as a motivating tool Nine of the 11 segments subcoded as HRM Benefits identified the use of stocks as an employment benefit. This high frequency almost certainly does not reflect the relative importance of stock incentives in the company's motivational and benefit systems; rather, it reflects the focus of this study on the ways in which motivation and benefits systems may have changed as a result of the company becoming public.

The previous section, People-centred, described how management and employees were considered as the company became public; in this section, the analysis focuses on how stocks were used to provide employment benefits and to motivate employees. Six persons mentioned the role of stock options and share purchase plans as an employment benefit and an incentive to performance R Marcoux described how he used stock incentives with Claude Beauchamp in the days before the IPO: "I had in mind, at that time, [that] if we succeed, Claude, he could have 49% of the equity of that publication. And he succeeded" (R. Marcoux, 1986, l. 218). The same attitude prevailed after the IPO, when R. Marcoux said that the IPO would allow him "to have my key people partners because we had an option program for those key people" (R. Marcoux, 1986, l. 627). The value of this was "to give advantage to your people who have been associated with you" (R. Marcoux, 1986, l. 1176) The stock option program provided a useful way "to permit the key employees to participate in the growth of the company... [And] it was a way to ensure to keep them" (R. Faucher, 1986, l. 209). It was useful not just in attracting new management but also as a benefit that served as an incentive and performance bonus. R. Gagnon explained that "when you are inside it's related to the performance of the company and the performance of their area, and they can get more or less" (R. Gagnon, 1988, l. 1070). The rules (for the 1988 plan) were set forth in a company memo (a non-interview source that provides triangulation/confirmation of the interview qoutes on this same topic):

> The set goals that will determine stock option grants are the following:
>
> - everyone eligible will be awarded stock options if GTC as a whole achieves consolidated net earnings of more than 90% of the budget forecast for a complete fiscal year, the budget being determined on the basis of existing assets at the start of the year (without taking into account acquisitions or investments realized during the course of the year);
> - eligible managers in a particular sector will be awarded stock options if before tax profits in their sector exceed the budget forecast for a complete fiscal year by 10%, 15% or 20% (Nepveu, 1987, p.1).

C. Gentile reported that these features were an incentive for him: "The idea of being involved with some share options which was tied to my ability to make this company continue to grow, that was interesting... In ten years, if I were to stay here, I could probably retire if the company succeeds" (C. Gentile, 1988, l. 95). R. Belair summed it up when he said, "It does [make a difference to have a stock option plan], yes, I think it does to all top management" (R. Belair, 1988, l. 852).

C. Dubois' statement that "we wanted to get all of our people involved in their company by buying shares of their company at a privileged rate" (C. Dubois, 1986, l. 533) has already been mentioned; interest free loans were also available to encourage use of the stock option plan (Nepveu, 1987, p.4). The rules for these interest free loans were detailed in a company document entitled, "Stock Option Plan for Senior Management Employees". R. Faucher described the response to the employee share purchase plan at the IPO as "very good, very good Very, very good. People were very excited about it. I guess it meant a lot of pride for them" (R. Faucher, 1986, l. 1814). R Gagnon stated simply that people "feel that they are part of that [a fast growing, dynamic, well-known, visible company]" (R Gagnon, 1988, l. 920). The incentive for employees came not only from participating in the ownership of the company, but also [according to R. Marcoux] from the information they received about the company in their quarterly and annual reports: "Yes, yes [they have more commitment]" (R. Marcoux, 1988b, l. 263).

Another dimension in which shares were described as a motivator of performance was in acquisitions that were paid for partly with shares. R. Faucher explained that "It's especially important if the people you buy stay with the company because then you say, 'Listen, if it's as good as you say it's good, you're going to help me make that company grow and do well and the shares that you have are going to be worth more. So it's an incentive for the people being bought of performing" (R. Faucher, 1986, l. 1009).

The fast growth of the company created "opportunity for promotion and for jobs and for other challenges" (R Gagnon, 1988, l. 927). They had to bring in a lot of new people and they recognized that "quickly giving them authority is the way to go... You've got to give them authority and we know it will work better for the company in the long run. No question about it" (C. Dubois, 1986, l. 1443). Those who had been managers in the company since before the IPO discovered that "there are more people participating in the recommendations, which is really interesting to managers... You feel your input is there and at some point, it's important" (M. Vachon, 1988, l. 463).

R. Marcoux played a strong individual role in company motivation as well. C. Gentile described the "dedication to hard work, something that comes from Rémi" (C. Gentile, 1988, l. 920), and then he went on to describe how, in his acquisitions, "he sought out owners of companies with the same philosophy he has. *Hard work, commitment* (emphasis added) to servicing the customer, *commitment* (emphasis added) to the product line, *commitment* (emphasis added) to the people" (C. Gentile, 1988, l. 940). His role at successfully integrating these owners into the context of the larger GTC company has already been noted. It had to do with "the right chemistry, the right philosophy" (C. Gentile, 1988, l. 989) The final piece of data showing R. Marcoux's role as a motivator is from R. Marcoux himself, when he explained why he met with C. Gentile over dinner after he had been President of the Printing Division for five months: "He's new with us so I'm spending time with him to make sure that he's going in the right direction" (R. Marcoux, 1988b, l. 2025). This use of performance appraisal is an important part of a motivation and control system

Finally, a company pension plan was introduced after the IPO as a benefit for all employees R. Gagnon described how "it was a commitment in two collective agreements... [After discussion] I came out of the [Management Committee] meeting with an OK for a pension plan for the total company" (R. Gagnon, 1986, l. 154)

Recruiting

"People want to work for GTC" (R. Belair, 1988, l 807). Becoming public helped GTC recruit the managers and staff it needed: "Because we were going public, it was making it a little easier to attract key people... The fact that it was a public company and he could see the numbers, he could see the individual [in charge] I'm sure [that] in his mind it made a great deal of difference [in deciding to join GTC]" (R. Faucher, 1986, l. 552). J. Nepveu said, "I would be in complete agreement with him [R. Belair, as quoted above] but I think he's exaggerating a bit" (J Nepveu, 1988, l. 534). R Gagnon, however, agreed that the fact that the company was public influenced his decision to move to GTC, while R. Marcoux agreed with the majority view when he responded: "advantages [to the IPO], OK. We could attract better people. A good example of that, Cam Gentile" (R. Marcoux, 1988b, l. 2584).

Those on the other side of the fence (the people who were recruited) gave some of their reasons for coming to GTC:

- "People like Gentile and Gagnon and myself, for instance, are attracted to GTC because we think we can acquire some of that entrepreneurial spirit which we did not... could not find where we were previously" (J. Nepveu, 1988, l. 293).

- "One of the reasons I came here.. was because it was a company that is entrepreneur, takes decisions and is at the same time ready to be more organized . I decided to come here because I wanted to work with Remi Marcoux" (R Gagnon, 1988, l. 214, 572)
- "The challenge of being involved in an entrepreneurial spirit, the idea of being involved with some share options which was tied to my ability to make this company continue to grow, that was interesting Rémi, as an individual, was a major [part of my] decision... I felt that the chemistry was good I thought that I could relate to him and I could work with him" (C Gentile, 1988, l. 93, 647).

It becomes clear on analysis that R Marcoux played a critical role in much of the reported recruiting activity (although most of those reporting did work directly for him and so it is, perhaps, not surprising that he was active in their hiring process) His role was not simply in convincing these people to come to GTC; he pursued them once he had identified that he wanted them to work for him. C. Gentile described how "he found out that I might be available and he just kept talking to me and made an offer that essentially, I was very interested in" (C Gentile, 1988 l 86). R. Faucher reported what sounded like the same recruiting style, this time dating back to 1979 "He was starting to have a few problems in getting all these things organized. He was looking for somebody to help him out. I was ready to make a change in my career at that [time]..." (R. Faucher, 1986, l. 23).

Company acquisitions, in the GTC context, were another form of management recruiting, and one in which R. Marcoux was always the central player. He made it clear that "we are not interested to buy a company just to buy. What we are looking for is good management" (R. Marcoux, 1986, l. 498). The use of shares for acquisitions supported this type of recruiting particularly well since it also added an incentive for these owners-turned-GTC-managers to help the company perform well in order to increase the share price and, hence, their own personal net worth. It was also consistent with R. Marcoux's prior behaviour, when "to attract Claude Beauchamp as a partner, I made a [stock purchase] deal with him" (R. Marcoux, 1986, l. 208).

There seems little question of R. Marcoux's central role in recruiting new managers; in fact, R. Gagnon reported that "I checked that [to see if R. Marcoux was planning to sell out his shares]" (R Gagnon, 1988, l. 1277), and he would not have joined GTC if he had discovered that R. Marcoux was planning to leave. Marcoux's role extended beyond his individual recruiting efforts as well In the first instance, he followed up on his new recruits to ensure that their induction was successful (e.g., he held a five month performance appraisal dinner meeting with C. Gentile). In the second instance, R. Marcoux set the tone and direction for the company's focus on acquiring and developing the human resources they needed to continue to grow successfully: "Probably one change [since the IPO] was the hiring of better and better managers throughout the company. He's looking everywhere to find good and strong people. *He wants to hire the best* (emphasis added)" (R. Gagnon, 1988, l. 1698).

There is an irony in R. Marcoux's recruiting activities in the company. On the one hand, he showed a very strong focus on human resources and building these human resources for the future. On the other hand, it was not systematic - it was one man's efforts but had not become institutionalized as part of the HRM Department. One indication of possible change in this situation came from R. Faucher when he described the new organigramme they established after the so-called Montebello Retreat of 1986: "We have to put the structure in place and then we have to look at the people we have... Then we'll have some blank little square here and we're going to find the kind of guy we need to put there" (R. Faucher, 1988, l. 899). The formalization of the organization (through the establishment of both a new organigramme and a new corporate-wide hiring policy [described by R. Gagnon - see R. Gagnon, l988, l. 449] was creating a counter balance to R. Marcoux's individual efforts.

The company was evolving to become a larger and more mature public company.

Stretched Too Thin

The recruiting efforts were active after the IPO, especially when acquisitions are recognized as an important type of management recruiting. Nonetheless, GTC was growing very fast and there was evidence that the recruiting and training of new managers was hardly keeping up with the demands of a growing organization. R. Marcoux pointed out that "when we went public, I think we were 575 [employees] and right now [1986] we're 1,000, over 1,000" (R. Marcoux, 1986, l. 1397). Employment had grown to over 2,600 by 1988. Five of the ten people interviewed made at least one statement about how the human resources were being stretched too thin and the company needed more and better people.

J. Aubert identified the growing need for human resources in 1986 when he pointed out "that our single constraint on growth on the printing side is manpower.. We're not market constrained... What concerns us is... making sure that our human resources will follow our pace of growth, is not to stretch ourselves too thin" (J. Aubert, 1986, l. 282, 661).

R. Faucher was only beginning to see this constraint in 1986. He initially said that "there was none [hiring of new employees] immediately but you could identify areas where we would need extra people" (R. Faucher, 1986, l. 1197). He did state, however, later in that interview that, "I have to hire somebody to help me out... Now, accounting and all that, I can't do it anymore" (R. Faucher, 1986, l. 1327). In fact, Faucher probably saw his job change after the IPO more than anyone else (see the section on the New Functions Codeword for a more detailed discussion of this). His job grew and he soon realized that "the problem right now is getting some people under me... There's hardly anyone on the bottom picking up for me so I end up doing it too... The problem is not delegating, the problem is finding the right people" (R. Faucher, 1986, l. 4090, 4404). He concluded this part of the interview with some reflection on how he would do it differently if he could do it over again: "What I would have liked to know before [the IPO] is how I could have structured the corporate level... I would have said to the Personnel Manager, 'Find me this type of individual right now.' Then a month after he could have even started helping me along the way and be in at the very beginning" (R. Faucher, 1986, l. 4499).

C. Gentile observed in 1988 that "the other [difference between GTC and Domtar] is lack of human resource planning... One of the things that is preventing us from growing and buying other companies or starting new plants is [that] I don't have ready managers, I don't and I'm petrified... We're overstretched" (C. Gentile, 1988, l. 899). C. Gentile not only held one of the biggest jobs in GTC, but also had the perspective of many years as a Domtar manager. His observations may, therefore, carry more weight and he stated clearly that "one of the weakest aspects of this company is that they do not have very strong human resources, strong managers, because the managers have not been asked to make these decisions" (C. Gentile, 1988, l. 453). His response to this was to train his managers "to make sure you've done your homework... I want them to start to think" (C. Gentile, 1988, l. 405). He wanted to develop what he called a "humanized bureaucracy" so that they could have "orderly growth and the... development of human resources to allow this growth" (C. Gentile, 1988, l. 447).

R. Marcoux also recognized by 1988 that their management resources were limited: "We don't expect to buy plants in 1988 in the U.S. because our human resources are quite limited... Right now our management is sufficiently enough stretched. They need a little bit of time to get their breath... We had to revise that [1988 U.S. growth strategy] because, you know, my people say, 'Hey, slow down, we are too stretched right now'" (R. Marcoux, 1988b, l. 108, 300).

R. Faucher, C. Gentile, and R. Marcoux were in the best positions to judge the company's human resource requirements and the capacities of existing management. Their concensus was clear: Despite active and ongoing recruiting, they had still not been able to hire and develop all the people the company needed to support its continuing growth.

Policy and Structure

The HRM functions at GTC have been shown to be founded on a people-centred philosophy that was reflected before, during, and after the IPO. Stock options and share purchase plans were seen as important benefits that served both in attracting new people and in motivating management and employees. Recruiting was shown to be an important function in this growing organization, but still unable to meet the company's requirements for its human resources, especially at management levels. It was the human resource policies and procedures, along with increased formality and a revamped organizational structure, that had to try to bring together these various dimensions of the human resource activities.

R. Gagnon, as the first Corporate V.P. for Human Resources, was responsible for organizing the HRM function across the company. This, in itself, was an important change. "Before there was a Director of Human Resources who was mostly taking care of the Printing Sector and was not too involved in the rest [of the companies]. Also, he was not too involved in the Management Committee" (R. Gagnon, 1988, l. 301). The documents that had existed for the human resource function included "a certain number of forms... And on the top of the form there was a list of people who have the power to approve or who need to sign. That was the procedure" (R. Gagnon, 1988, l. 414). This was the state of affairs that R. Gagnon inherited, but his mandate from R. Marcoux was "to be organized to become a company that in 1991 will be over 500 million [in sales]" (R. Gagnon, 1988, l. 522). His first steps were to create policies and structures to rationalize HRM activities throughout the GTC companies, and to do this in a way that was consistent with the GTC philosophy and style

One of R. Gagnon's first steps was "to clarify what everybody would do... I prepared a three page document with just the list of activities and who are the powers to decide... The format I took was that the policy will have to be approved by the Management Committee. But the implementation will have to be done by the decentralized unit" (R. Gagnon, 1988, l. 313). This document (shown as Figure 18: HRM Plan, 1988) was one of his first steps towards making the HRM function more systematic, but he was careful to point out in the interview that "I told the people, 'If you feel we are getting too bureaucratic with that, tell me because that is not what we are trying to do'" (R. Gagnon, 1988, l. 444). He also produced a document entitled, "Human Resources 1988 Objectives" to show his four main objectives and their supporting sub-objectives for 1988 (see Figure 19: Human Resources 1988 Objectives). These two non-interview documents substantiate R. Gagnon's statements about his role in establishing policy and structure in the HRM area.

Figure 18
Human Resources Plan, 1988

GROUP TRANSCONTINENTAL G.T.C. LTEE

LA GESTION DES RESSOURCES HUMAINES ROLE ET RESPONSABILITE — 9 février 1988

- L'objectif de ce document de travail est de clarifier les rôles et responsabilités des divers intervenants dans la gestion des ressources humaines.

- Après une discussion au comité de direction le schéma accepté servira de référence dans l'élaboration des politiques et procédures et dans nos communications avec les établissements.

- Toutes nouvelles politiques ou programmes seront présentés au comité de direction pour approbation.

- Pour clarifier les diverses interactions dans les activités reliées à la gestion des ressources humaines il est utile d'établir qui:

a le pouvoir d'approuver et le droit de veto	(AV)
est responsable d'accomplir la tache	(R)
est responsable d'apporter son support/doit être consulté	(S)
doit être informé	(I)

Dans la préparation des grilles de responsabilités qui suivent, j'ai accordé une attention toute spéciale au respect des trois éléments suivants:

- Le Groupe Transcontinental G.T.C. Ltée a une philosophie de gestion basée sur la décentralisation de ses opérations et la responsabilisation des gestionnaires;

- L'entreprise doit maintenir un processus de décision efficace et nous devons éviter de bureaucratiser nos processus de gestion;

- Nos processus et systèmes de gestion ont besoin d'être améliorés afin de maintenir un développement harmonieux de l'entreprise dans ses prochaines étapes de croissance.

RODRIGUE GAGNON
Vice-Président, ressources humaines

Figure 18

Human Resources Plan, 1988 (cont'd)

LA GESTION DES RESSOURCES HUMAINES

Rôle et responsabilité

Secteurs clef et activités	Prés. G.T.C.	Prés. du secteur	Gestion du sect.	V.P. R.H.	Secteur fonc. corp
Rémunération:					
Elaboration des politiques	A/V	S		R	S
Elaboration des programmes	I	A/V		S	
Evaluation des postes	I	A/V	S	R	
Administration des salaires selon les politiques		A/V	R	I	
Administration des salaires des cadres supérieurs	A/V	R		S	
Evaluation des pratiques	A/V	S		R	I
Embauche et sélection du personnel:					
Politiques et procédures	A/V	S		R	S
Recrutement et sélection des employés horaires, des employés de soutien et des cadres		A/V	R	I	
Recrutement des spécialistes		A/V	R	S	S
Recrutement des cadres supérieurs (700 pts et +)	I	A/V	R	S	
Recrutement des subordonnés immédiat du Président de secteur	A/V	A/V		R	
Gestion du rendement:					
Elaboration des politiques et programmes	A/V	S		R	S

Figure 18

Human Resources Plan, 1988 (cont'd)

Secteurs clef et activités	Prés. G.T.C.	Prés. du secteur	Gestion du sect.	V.P. R.H.	Secteur fonc corp
Planification de la relève:					
Elaboration du processus	A/V	S		R	S
Mise en place du processus	A/V	R		S	I
Administration du programme pour les cadres supérieurs (700 pts)	A/V	S		R	I
Relations de travail:					
Politiques et orientation	A/V	A/V		R	I
Choix des portes parole et des comités de négociation	A/V	A/V	S	R	
Mandat de négociation	A/V	R		S	
Administration des conventions collectives		A/V	R	I	
Administration en cas de conflit ouvrier	A/V	R		S	
Relations avec les employés:					
Elaboration des politiques	A/V	A/V		R	I
Implantation des divers programmes		A/V	R	I	
Formation des employés		A/V	R	I	
Incitation à la productivité		A/V	R	S	
Communication avec les employés		A/V	R	S	
Evaluation du climat et des pratiques	A/V	S	I	R	

Figure 18

Human Resources Plan, 1988 (cont'd)

Secteurs clef et activités	Prés. G.T.C.	Prés. du secteur	Gestion du sect.	V.P. R.H.	Secteur fonc. corp
Programmes d'avantages sociaux:					
Elaboration des programmes	A/V	A/V	S	R	
Communications aux employés	I	A/V	R	S	
Evaluation et révision	A/V	A/V	S	R	
Administration du personnel:					
Maintien des dossiers		A/V	R		
Dossiers des cadres supérieurs (700 pts)	A/V	A/V	S	R	

Figure 19

Human Resources 1988 Objectives

Our human resources are:

- A major advantage over our competition
- Unique
- Precious/costly

The Role of Human Resources Department is:

Support management and employees toward the most efficient utilization of our human resources.

Here are my (4) objectives for 1988:

1. Managing Health and Safety

   Support management of each location to improve their health and safety results.

   A) Establish a standardized monthly report about health and safety that will keep us aware of the situation in terms of frequency, severity, number of accidents, etc.

   B) To council each location in the management of their health and safety program to involve their employees in accident prevention by:
      - Communication
      - Training
      - Inspecting
      - Accident Investigation

2. Managing Performance

   Coordinate the performance appraisal cycle of senior managers to ensure that.

   A) A copy of objectives from all employees reporting to the president and their subordinates is sent to human resources department by March 31, 1988;

   B) A progress review of senior managers will be held by June 30, 1988,

   C) A formal 1988 performance appraisal will be done considering those objectives and your normal responsibilities.

3. Salary Administration

   To develop a computerized form for annual salary revision to be used by November 1988.

4. To Familiarize with I.T.C. Inc. Operation

   By visiting each location and getting involved in human resources management difficulties/opportunities, in order to know better the needs for an efficient management of human resources through I.T.C. Inc.

R. Gagnon pointed out that "I find in the filing cabinet a lot of good documents in HR and policies that they had developed in 1981/82... It was good planning... except that between '83 and '87 the growth was so fast that they were unable to keep up to date" (R. Gagnon, 1988, l. 1570). R. Faucher had also indicated that "job descriptions we already had before [the IPO]" (R. Faucher, 1986, l. 2520). These historical documents did, therefore, give R. Gagnon a head start so that he was "not starting back to rewrite all that stuff. I take that and will implement it everywhere" (R. Gagnon, 1988, l. 1593).

It had become clear that the existing organization structure "doesn't make sense... We have to revise our structure" (R. Faucher, 1988, l. 676). It was at the Montebello Retreat of 1986 that "we decided we're going to have a V.P., Human Resources here at the group level... and at the plant level there's going to be a guy... We said that a plant over 150 employees, we're going to have a guy there to take care of the people... Before there was only one personnel guy at GTC... It was impossible. Completely impossible" (R. Faucher, 1988, l. 754). The result was more formal recognition and structure of the HRM function.

The organization structure reflected some of their attitudes towards HRM. It was not intended to be either rigid or static; rather, it was designed to support both their decentralization and their growth. It was created in response to problems with the existing structure. They needed "a structure that is going to work, one. Two, that will allow us to see who we will hire" (R. Faucher, 1988, l. 891). The organization structure would guide the recruiting activities. It was also recognized that "it's going to move depending on the strength of some of the people we are going to get... You have to adjust the chart to the people you have" (R. Faucher, 1988, l. 1621, 1680). This structure was not intended to dominate the people: "We put a lot more emphasis on the selection of people than on making sure that the salary of the guy will fit with our policy" (R. Gagnon, 1988, l. 666). The HRM philosophy was to remain responsive to individuals and to adapt jobs to their capabilities.

The new structure and new policies were designed to support their decentralized approach, with Head Office control or influence at the executive level of the divisions and fully decentralized control at the operational level (see R. Gagnon, 1988, l. 546). This was also in keeping with R. Marcoux's approach to acquisitions, in which he stated that, "What we are looking for is good management... You want them involved, yes, because the way we operate our company is decentralized. So the action is in the affiliated company" (R. Marcoux, 1986, l 499). Another piece in this restructuring was the fact that plans started to be written down after the IPO. As a result, "it's different, our key people know our plan .. They didn't know that [before the IPO]" (R. Marcoux, 1986, l. 1681). Internal communications at all levels were deemed to be important: "In all our companies there is an internal journal [to keep all employees informed]" (R. Marcoux, 1986, l. 1980) They also "produced a film here on GTC . [That] has been circulated in our plants" (R Marcoux, 1988b, l 1287) R Marcoux still felt that "the communication system with all our employees has to be improved That's Gagnon's job to more inform our employees of what we are shooting for" (R. Marcoux, 1988b, l. 1269).

Thus, while C. Gentile reported "a lack of human resource planning" (C. Gentile, 1988, l. 899), he himself expressed a commitment to developing what he termed a "humanized bureaucracy... [to allow] the human resources to themselves be in development as the decision makers" (C. Gentile, 1988, l. 451). The company HRM function was evolving to become more formalized and clearly structured. This was, in fact, one manifestation of the company's overall evolution towards increased formalization and structure (see the section, The Organization Structure Codeword, for a fuller analysis of this process).

Summary

The HRM function was largely driven by one man, R Marcoux. He not only set the tone for the company's people-centred attitude and philosophy, but also played a key role in carrying out one of the important HRM functions of this fast growing firm, viz., recruiting and induction. The IPO altered the HRM function in at least two ways: First, it fueled the dramatic growth of the company and the ensuing need to keep hiring (or acquiring) managers and executives; and second, it moved the company towards increased formalization and structure in the HRM Department. This, in turn, reflected the evolution of the company towards a more mature organization that was becoming less and less reliant on one man's actions.

The Management Style Code

The Management Style code was defined as "covering those activities, attitudes or decisions that characterize executives, owners, and managers". In fact, the focus was mostly on one "key executive, owner and manager": Rémi Marcoux. Eighty-two segments were coded as Management Style (14.1% of all segments coded). It was the most frequently used of all 13 codewords and was used in 12 of 13 transcripts (92%). Further analysis showed that it was about R. Marcoux in 42/69 comments (60.9%). (The numerator was reduced from 82 to 69 by the exclusion of 13 comments by R. Marcoux himself.)

The complete definition of the Management Style codeword read as follows:

> Management style, covering those activities, attitudes, or decisions that characterize the key executives, owners, and managers. Of special interest are any changes in management style, particularly if they may be related to the IPO (e.g., increased delegation) or changes in roles or responsibilities as the company has both become more publicly visible (and scrutinized) and, often, larger.

The 82 segments identified as characterizing some aspect of this Management Style were sub-classified into eight sub-codes. Twenty-two segments were subdivided or coded to more than one sub-code, yielding a total of 104 segments used in this analysis. One set of the sub-codes described how roles, responsibilities, and values changed and how the company was adapting towards decentralization and delegation. This set of three sub-codes accounted for 56/104 segments (53.8%). A second set of sub-codes described R. Marcoux, his leadership roles and his decision making. This set of five sub-codes accounted for 47/104 segments (46.2%).

Delegation

One clear change in management style, which went hand in hand with the change in organization structure, was the increased need for delegation. Before the IPO, "Rémi and Claude at that time were really involved in all aspects of the company" (M. Vachon, 1988, l. 7). "Rémi and Claude, say, were controlling everything. I think so... yes. Absolutely" (J. Nepveu, 1988, l. 373). "Now it's becoming more and more a manager business, a business that's managed by professional managers, which is, I think, the way it should be [Before it was] entrepreneur. Very much so. Nothing else but entrepreneur" (R. Faucher, 1988, l. 102) "We have to stop interfering with the operation, because we're looking for problems" (R Faucher, 1988, l. 1713).

The going public process involved and preoccupied the key executives, and their unavailability inadvertently started the delegation process: "I think the reaction that was felt by many people was that you have to become now more independent, more self-sufficient in terms of getting organized" (M. Vachon, 1988, l. 294). In addition, becoming a public company carried with it new responsibilities and new roles. C. Dubois was well aware of the new responsibilities and he described them clearly in 1986:

> "Now, having gone public, you have to envision a new scope which are shareholders... you need to structure yourself with more people that will carry more authority [to] delegate more... for the future of this company to have a stronger base and stronger management for more management than just the three of us [owners] making all the decisions... we're learning that [to delegate]... I will learn that for the rest of my life. It's a major switch in one's mind to do that" (C. Dubois, 1986, l. 1248). "When we decided to go public and we said, now we have to delegate more. We have to make sure that this company will be based on a higher level of management and more delegating authority, delegating power. We committed ourselves to doing that" (C. Dubois, 1986, l. 1330). "Listen, it's a process that only makes good common sense,

whether you're public or not. But because it was really part of the set of rules that are inherent to becoming public... we have taken personally the commitment to do it and we're going through with that" (C. Dubois, 1986, l. 1410). "Delegation, changing the structure of power was the key thing to me" (C. Dubois, 1986, l. 1482).

R. Faucher suggested in 1986 that R. Marcoux was going through a transition similar to the one described above by C. Dubois. He said that "I think he's [R. Marcoux] willing to [delegate more]. I think he has a little problem in doing it in the real sense of the word" (R. Faucher, 1986, l. 4416). R. Faucher himself also had to face up to delegation when he became responsible for many of the new tasks of a public company. It was an issue he addressed in both his 1986 and 1988 interviews:

- "The job itself, or the way it's appearing now, is developing into something that is more interesting than before. The problem right now is getting some people under me... because now I'm doing things at a higher level but there's hardly anyone on the bottom picking up for me so I end up doing it too. That's a bit of a problem" (R. Faucher, 1986, l. 4087).
- "I'm too much involved in the operations. Rémi's taking me to be close to him a bit to take care of whether it's an acquisition or making a new issue... you can't do two jobs at the same time... I think the corporate function cannot be operational" (R. Faucher, 1988, l. 137).
- "RD: So it's not just the matter of fact that the company's growing but it's also the way it's growing. As soon as you become public you have to do this and you have to do that. So you can no longer do this and this and this so you have to give it to somebody else.

  RF: Exactly, because now you are working with the future and you want the day-to-day tasks to be done by somebody else" (R. Faucher, 1988, l. 2021).

His own approach to this was that, "well, personally, what I did was I delegated a little... and a little and a little more trying to see how it works... now it's been about seven or eight months and I feel very comfortable with this particular individual" (R. Faucher, 1986, l. 1449).

C. Gentile expressed some clear and definite views regarding the need for delegation:

- "You're not going to be able to respond to your customers if you don't decentralize" (C. Gentile, 1988, l. 503).
- "The planning is in the minds of the owners... so you don't have that philosophy in here where you have managers who say, hey, I have a department that tries to see where the department is going. What's my competition doing? How can I respond to that competition? What's happening to my products?" (C. Gentile, 1988, l. 838).
- "That was the toughest [part of the] decision to leave Domtar because that was my biggest concern, are the owners going to allow me to manage their baby? Rémi, I think he does, but possibly the others might not" (C. Gentile, 1988, l. 561).
- "They asked, do you mind coming in and helping us integrate this company, regularize it, more or less what I just did in packaging [at Domtar]... and develop this type of culture which I was quite good at [pushing power down the line, giving people responsibility]" (C. Gentile, 1988, l. 605).

He also provided two examples to show that both R. Marcoux and C. Dubois were working towards full and effective delegation. The first example was the fact that Claude Dubois, who C. Gentile replaced as President of the Printing Division, took an extended holiday of several months in order to ease the transition and reduce possibilities of conflict between them. The second example concerned the resolution of some problems in a printing company they had acquired: "He [R. Marcoux] really had a problem in terms of the individual but essentially then we had to restructure. The restructuring and turning around, that's mine.

He got rid of the problem of the individual... but in terms of running the day-to-day operation he just turned it over" (C. Gentile, 1988, l. 1093).

Yet another perspective on the need for delegation, and the ways in which the owners were learning this management skill, was provided by R. Gagnon. He described his objectives in his first months on the job, stating that "it's also to get the owner of the company not to expect that I will be involved in everything... that's the way it was always managed... I learned that the first week I was here... it's part of my job [to train the President], yes" (R. Gagnon, 1988, l. 479).

Observation notes from a Management Committee meeting attended on March 21, 1988 identified that R. Marcoux supported delegation and the executive role of the larger organization, although he remained clearly the leader of the management group and the main driving force. It was also evident in this meeting that both C. Gentile and R. Gagnon presented the more systematic and formalized approach of the larger corporation.

The delegation issue was evident in both 1986 and 1988. It is clearly an important, almost fundamental transition, but also not an easy one, as evidenced by the fact that it was still an active concern at the time of the 1988 interviews. (Delegation is also addressed in the sections on New Functions: Delegation and Decision Making and Organization Structure: Delegation and Decentralization.)

Roles and Responsibilities

The rules and realities of being a public company brought with them some changes in roles and responsibilities for the key managers. This sub-code is similar to the New Functions codeword and, in fact, 13 of the 25 segments coded in this sub-code were also coded as New Functions. (The section on New Functions: Role Changes - R. Marcoux and R. Faucher provides some additional information on their new roles and responsibilities.)

The first rule that was described was the need for additional reports, and these reports had to be on time: "All those reports that weren't produced before had to be produced now in a very strict way. If that info has to be done or given on such a date, it has to be done on such a date, you know, like the closing of the month's report, closing the quarter, you know. Now it's strict" (M. Vachon, 1988, l. 315).

One of the most evident new responsibilities was towards the public shareholder. This created "an awareness that there are people out there you are responsible for... we do care for shareholders" (J. Aubert, 1986, l. 957). "Now, having gone public, you have to envision a new scope which are shareholders, more long term, more oriented for corporate goals than a private enterprise" (C. Dubois, 1986, l. 1248). "The notion of having new partners that you wish to please, and wish to content, is a new dimension into the decision making process" (C. Dubois, 1986, l. 1097).

The anticipation of this responsibility may, in fact, have been a concern prior to the IPO: "He [R. Marcoux] was afraid, like you say, of things that he didn't know at the time and maybe like taking care of shareholders and having meetings and quarters and having to let your shareholder know ahead of time of the different projects you are going to have to take if you want to be honest with them" (R. Faucher, 1986, l. 152). After the IPO, R. Marcoux added it as one of his job responsibilities: "[Before going public my responsibilities were] development and taking care of the operation, and it's still that plus relations with the investors" (R. Marcoux, 1986, l. 2071).

Responsibilities to shareholders included employee shareholders and they were given some special attention: "In the divisions, what we have done, we have made meetings of information. What that means, going public. We have done that in all our plants [to prepare them for the public issue]" (R. Marcoux, 1986, l. 1417). Share purchase plans were also offered. They were successful with this group of shareholders, and "[R. Marcoux] was proud of the fact that as a public company 75% of our employees are shareholders" (J. Nepveu, 1988, l. 720).

New rules and responsibilities led to new roles and behaviours. "Rémi Marcoux's role has changed a lot I think. He has become a lot more public... you know, in the French community of Québec, he is a very well known personality. He's part of many organizations... I think he found it very difficult because, personally, he's not a public guy. He doesn't like to be in front of a crowd and talk... so I think it was a difficult step for him. And I think he did it quite well" (R. Faucher, 1986, l. 1862). R. Marcoux himself described one aspect of how this responsibility changed his work tasks when he said that "I don't like to make speeches so I don't take a chance. I'm writing everything" (R. Marcoux, 1988b, l 2126). He identified another new aspect of his job when he indicated that, "I'm not particularly excited about those meetings. We got growth and I have no choice because more and more people are involved so more and more we have to shoot for the same direction" (R. Marcoux, 1988b, l. 1831).

R. Faucher said in 1988 that R. Marcoux's job has "changed completely. He was the CA... that looks at small things like collections, even four years ago he used to look up the receivables list... as the company became public he started doing acquisitions... [and] being public in the community... that's part of his job... his job has changed a lot" (R. Faucher, 1988, l. 1244).

The statutory requirements for publishing reports and the need to develop relationships with the stock analysts who reported to the investment community also changed roles and responsibilities in the company. The company "needed to get better organized and disciplined so far as written information and passing that information along... going public gives you a need to be more specific about it and more organized and disciplined" (C. Dubois, 1986, l. 757). For R. Faucher, this meant that "you have to have those numbers in your head all the time. You have to have the right answers to the questions. You have to know... because of this, you have to study your numbers all the time to be able to make sure that you know what they're made out of, what are the areas where people can ask questions, what are the answers? It creates a different type of pressure" (R. Faucher, 1986, l. 1349). Two years later he elaborated on this aspect of his job as V.P. Finance: "One thing, too, modified my role is, of course, because I'm the one answering the analysts... I'd say 25% of my time is spent on the phone talking with [the investment community]... so it's important for you to maintain relationships with these people because it influences the investors' behaviour... and you are also the one responsible for getting the quarterly reports out" (R. Faucher, 1988, l. 227, 372).

Statutory requirements also put pressure on previously informal systems to become more formal:

- "You've got a Board, you've got an Audit Committee, you've got not only analysts but also investment people that want to meet you and talk about the company all the time. You find out all of a sudden that me in my position all of a sudden I have to know everything... then you say, listen, we have to sit down. We have to have formal communication between each other because I'm the one getting the questions, I don't know what to answer [about what you are doing]" (R. Faucher, 1988, l. 1900).
- "We have to voice it now in a more sophisticated way because dealing with three partners together, you know pretty well the thinking of one another without having to go through a large presentation of course. But in front of people who don't know your business but you expect an opinion from them [the Board], and you ask for an opinion of them, then you've got to document this thing, verbally or in a written fashion in a better way. So we voice it just the same, as far as freedom of speaking is concerned, but we have to voice it in a more professional, sophisticated fashion" (C. Dubois, 1986, l. 941).
- "[They have no more] informal Board meetings like they had before, you know, on a Sunday at Rémi's place. So it's not the same thing at all. While now I've seen Board meetings where some of his partners were not necessarily in agreement with him [R. Marcoux]" (R. Faucher, 1986, l. 2354).

R. Faucher's role changed a lot. He said that, "before, I was involved a lot in getting the numbers from different companies and then looking at them and analyzing them... now I get them but I don't handle them at all... where I get involved more now is those acquisitions that we have made... it's getting most of my time right now" (R. Faucher, 1986, l. 3983). In 1988, on the same topic, he agreed that "[so your job changes, the people you dealt with, the way you spent your time, the kind of communication and the kind of attention to detail changed, and] that's why I cannot be operational anymore because I have to be out of the office often" (R. Faucher, 1988, l. 1991). Furthermore, he developed new activities in networking with the financial VP's of other similar companies: "Yes, yes [I move more and more away from day-to-day recordkeeping and more towards the planning, the looking ahead, the thinking, the consolidation and coordination of all the different pieces financially] and I visited other places enjoying very very fast growth... I know all these people... I met all these Vice-Presidents of finance groups... all these guys are my friends. I exchange with them" (R. Faucher, 1988, l. 955).

Roles and responsibilities also needed to be more clearly defined and structured for the newer managers in the company: "I don't mind if they're all over my back [the partners] because that's the way they've been for eight years, but, I mean, some guys don't like it. They say, who's my boss?" (R. Faucher, 1988, l. 873).

Personal Style and Values

These segments describe the personal style and values of R. Marcoux and C. Dubois. R. Gagnon described how he saw these two partners: "Rémi is the financial guy, an entrepreneur but at the same time a manager. He wants to build. The other [C. Dubois] is more a specialist of printing or paper industries. He likes to be involved in selecting the press... when the company grows he loses that opportunity to be involved... he [C. Dubois] doesn't want to hurt the company. He would rather get out or just let the other people and not being involved. He'll back off... [but Marcoux] will change his role. Marcoux will change his behaviour" (R. Gagnon, 1988, l. 1473).

C. Dubois expressed his ambivalence about the going public process when he said "it was fun to control completely our own destiny between the three of us, and it was great... so on the one side, as a private individual, my first gut reaction was, no, I don't need it. As a corporate citizen, the answer was, yes, we need that. It will be good for the company" (C. Dubois, 1986, l. 18). A little bit later he added that "when you become public you undress a little bit... as a person I don't particularly like to do that, but as a corporation, once it is done... it is worthwhile... Overall, I'm delighted that we went public. But my first reaction, as a person, was not favourable" (C. Dubois, 1986, l. 43). He continued and indicated that he was not, in fact, very involved in the processes of a public company: "I did spend a bit of time [in the IPO process], not much. After that, I didn't spend a great deal of time there myself, and I don't intend to either... personally, I don't get involved in too much of that - as little as it is possible because we have experts to do that" (C. Dubois, 1986, l. 468, 512).

Three people made observations about R. Marcoux's personal style. R. Gagnon saw him as somewhat of a visionary when he said "I think Rémi Marcoux had a dream of building a big company... everything he found [in other companies] that was nice and good and that he likes he brought the idea here and designed different things, applied it" (R Gagnon, 1988, l. 1636). C. Gentile suggested that he had to reign in some of his entrepreneurial behaviour when he said "I think [quarterly reporting to shareholders] it's forcing Rémi to be a little bit more conservative in terms of thinking a little bit more before he acts" (C. Gentile, 1988, l. 1305).

More insight into the management style of R. Marcoux is presented in the following sections on leadership.

Leadership in Values

R. Marcoux's leadership within the company was described most frequently in relation to the strategic orientation of company development. J. Aubert described him succinctly when he said that "Rémi is the rare breed of character that blends both the qualities of an entrepreneur and also a strategic thinker" (J. Aubert, 1986, l. 481). J. Nepveu, two years later, readily stated that "Mr. Marcoux and Mr. Dubois still represent the main thrust of development" (J. Nepveu, 1988, l. 188). He went on to say "that the entrepreneurial spirit still manages to remain... it remains because Marcoux is on top and he is very entrepreneurial" (J. Nepveu, 1988, l. 281).

The strategy of growth through acquisition was an important driving force in the company, and R. Marcoux was the person behind it. "To be frank, I like to do that [acquisitions]... yes, yes, yes [that's the most fun part of the job] and more and more" (R. Marcoux, 1988b, l. 1801). His style of doing acquisitions, at least according to C. Gentile, contributed to the company's values in some fundamental ways: "If you look at Rémi, when he buys, he looks at the philosophy of the owner that he's bought. He has to have the same philosophy he has. Hard work, commitment to servicing the customer, commitment to the product line, commitment to the people" (C. Gentile, 1988, l. 937).

The strategy of building a company and taking it public was a clear goal: "We've always been managing our company with the idea we would go public" (R. Marcoux, 1986, l. 1251). According to R. Gagnon, the vision was yet bigger: "His [R. Marcoux's] commitment is to build an organization... I think Rémi Marcoux had a dream of building a big company" (R. Gagnon, 1988, l. 1319, 1636).

Other values reflected in the company and attributed at least in part to R. Marcoux are listed below:

- *People oriented*: "He's also very human oriented. He cares, the money hasn't gotten to his head" (C. Gentile, 1988, l. 660).
- *Responsibility to shareholders*: "It always comes back to Rémi of course, it always has to come back to the CEO... it's good that Rémi knows that some of his friends, that all of his friends are shareholders... the resultant of all of that

is that we do care for shareholders... we feel very responsible towards them" (J. Aubert, 1986, l. 950); "He [R. Marcoux] was proud of that fact that as a public company 75% of our employees are shareholders" (J. Nepveu, 1988, l. 720).

- *Hard work*: "Dedication to hard work, something that comes from Rémi" (C. Gentile, 1988, l. 920).
- *Dedication to the company*: "People say in the industry that I'm a low profile, you know, for prestige... [Personal wealth] has not been the reason [for going public] because myself I would like to stay and keep my share in that company" (R. Marcoux, 1986, l. 679, 696); "We are not for sale at any price, forget that, don't lose your time" (R. Marcoux, 1988b, l. 1148).
- *Independence and cooperation*: "Rémi, he would say the same thing [about GTC companies seeking competitive quotes rather than automatically giving their business to each other]... he wouldn't like it [if they ended up going elsewhere], he wouldn't want it also... oh definitely, definitely [he would be concerned]" (R. Gagnon, 1988, l. 261); "I said, look, you always said that you have the management philosophy that you don't make the distinction between unionized and non-unionized people... [he expressed some concerns] but he said, look, if you think that way analyze that and come back with a proposal" (R. Gagnon, 1988, l. 117).

The observations at the Management Committee meeting on March 21, 1988 provided three specific incidents of R. Marcoux providing leadership in values:

1. He stated during a discussion of the printing plants' activities that "You should do what you want - I need one thing, that's revenues (translation by author)".
2. The discussion concerning the upcoming annual meeting prompted him to state that promises shouldn't be made because if you don't deliver on them

you lose credibility.

3. Values about individuals' need for self-worth were communicated in two instances where he stressed that it was important that the persons under discussion did not feel that they were losing control. This was an interesting contrast to another view expressed on these same issues that it was important for *management* to not lose control!

In summary, the culture of the company was based on the values and behaviours of the leaders, primarily R. Marcoux. R. Belair was clear in stating this: "I think it [our company culture] comes from them [the three partners], definitely because that's the way they still are... [R. Marcoux is] the one that puts pressure in the sense of let's do that, let's do that. We end up doing it. He is the captain, definitely, he takes his place. If you look at the characteristics of our culture - aggressive, young, dynamic, proud" (R. Belair, 1988, l. 977).

Leadership in Recruiting

R. Marcoux was clearly instrumental in management and executive recruiting. He was personally responsible for hiring the two most recent executives at the time of the 1988 interviews (R. Gagnon, V.P. Human Resources, and C. Gentile, President, Printing Division). Managers were also recruited as part of the acquisition process and here again R. Marcoux's central role had an important human resource dimension.

R. Gagnon stated clearly that he "decided to come here because I wanted to work with Rémi Marcoux... that was the reason.. his style and what he had built" (R. Gagnon, 1988, l. 572). This was sufficiently important that he asked if R. Marcoux might sell out now that his shares could be readily sold on the public market: "No, and I checked that [before deciding to come here from Domtar]" (R. Gagnon, 1988, l. 1277). C. Gentile also indicated that R. Marcoux had been an important factor in his decision to join GTC: "Rémi as an individual, was a major [part of my] decision [to join GTC]... our backgrounds are similar" (C. Gentile, 1988, l. 647).

These examples show R. Marcoux's leadership in recruiting at the executive level of GTC, but it was also pointed out that "he's looking everywhere to find good and strong people. He wants to hire the best" (R. Gagnon, 1988, l. 1701).

R. Marcoux sometimes recruited managers by becoming partners with them. "To attract Claude Beauchamp as a partner I made a deal with him" (R. Marcoux, 1986, l. 208). The 1984 Prospectus provided a non-interview source of information that confirmed this aspect of his style by showing three GTC companies with significant shareholdings by outsiders (These were Publications Les Affaires, with Claude Beauchamp; Les Editions TransMo, with Y. Moquin; and Publi Home Distributors, with M. Daigle). In acquiring companies he always looked to the management he was acquiring as part of the company· "If you look at Rémi, what he buys, he looks at the philosophy of the owner that he's bought" (C. Gentile, 1988, l. 937). Furthermore, when R. Marcoux identified an acquisition he wanted, he could be quite persistent: "So I sat down with Denis Chartier and I said, Denis I would like to buy your [printing] plant. But I had been pushing like hell. I was going to see him every day, every opportunity I had" (R. Marcoux, 1988b, l. 1503). He could also use his ability to command friendship and respect in recruiting at least one important business advisor to sit on his Board of Directors:

> [He] chose a guy Bernard Lemaire he didn't know a thing about before except that he was the President of Cascades... and he picked up the phone one day after the issue and he says, Bernard, I present myself, I am Rémi Marcoux. I want to have lunch with you. That's how it got started. That's the way he does things .. and he sat down with Rémi, they had lunch together and after lunch he said, OK, count on me and he's there. Although he's very busy. Because the chemistry between the two individuals was very good (R. Faucher, 1986, l. 2476).

Leadership in Motivation

Sometimes the agreements made on hiring (or acquisition) of new management provided the basis for the ongoing relationship. R. Marcoux told M. Vachon that "if you're willing to work with me you're going to see that place grow, grow, and grow. Don't worry about it. It was a good faith agreement and we started from there" (M. Vachon, 1988, l. 48).

Sometimes new agreements were reached in order to maintain relationships and maintain motivations: "I had to make a kind of a deal with him [Claude Beauchamp] if we had so much profit he would be allowed to buy so many shares... the idea I had in mind at that time, if we succeed, Claude, he could have 49% of the equity of that publication. And he succeeded" (R. Marcoux, 1986, l. 214).

Finally, GTC had to integrate the owner/managers of acquired companies who were used to managing independently: "You have a bunch of individuals all priding themselves on how to run a business in their own context but not within a large organization... No, [that has not been a problem] because Rémi has done a very good job of... well pulling them together, but also the right chemistry, the right philosophy" (C. Gentile, 1988, l. 973).

Motivation was maintained by both personal charisma and personal contact. R. Faucher described how "Rémi and his partners have developed a way, a pattern of behaviour that is very, very unique in this organization whereby all people... come in here and they will like Rémi just like that" (R. Faucher, 1986, l. 4156). R. Marcoux described a long dinner meeting with C. Gentile after Gentile's first five months as President of the Printing Division: "So I sat down with him and we had reviewed what he has done... he's new with us so I'm spending time with him to make sure that he's going in the right direction" (R. Marcoux, 1988b, l. 2021).

Conservative and Consultative

"Oh yes, he's much more conservative than before... he's taking more time now. He's consulting a lot" (R. Faucher, 1986, l. 1919). C. Gentile, in talking about the impact of becoming public, said that "I think it's forcing Rémi to be a little bit more conservative in terms of thinking a little bit more before he acts... because he knows that at the end of the quarter he has to go in front of the public and show that he's successful" (C. Gentile, 1988, l. 1305) R. Faucher put it somewhat more bluntly in 1986 when he said, in response to a question about whether or not R. Marcoux had become more conservative, "probably, probably because he has people to respond to, while before he had nobody to respond to but himself" (R. Faucher, 1986, l. 3875). C. Dubois concurred with this: "In his decision making process, and he thinks in view of a larger group of people, in that respect he has become more conservative" (C. Dubois, 1986, l. 1312). R. Marcoux himself agreed; when asked if he was a little more cautious about the moves he made, he replied, "lots more, I can tell you that" (R. Marcoux, 1986, l. 723). He later went on to say, "I'm still an entrepreneur... [but] that's true [that I'm a little more cautious and conservative]" (R. Marcoux, 1986, l. 2038).

Increased consultation in decision making was identified in the stronger and more active role of the Board after the IPO: "Rémi still consults a lot with his partners, Claude mostly. But I think he brings the dossier, the file to the Board... both guys are more busy than they used to be and the Board is really the place that they are [together]" (R. Faucher, 1986, l. 3418). The Board may have become a more convenient forum for partner consultations, but it was also a more formal and broad based consultation than it had been previously. It was not simply that "Rémi does seek out [the Board's advice] quite actively... he will make use of the outside directors as counsel" (J. Aubert, 1986, l. 452), it was also the calibre of the people on the Board and their expectations: "He's got to really make a sale when he wants something to be adopted [by the Board] because the guy in front of him, if it's Pierre Brunet [President and CEO of Levesque Beaubien, brokers] or Bernard Lemaire [President of Cascades Inc.], you know, he doesn't get influenced by anything but sound decisions and numbers that he can or cannot see... oh, he [R. Marcoux] sees that very positively. Oh yes, because he gets feedback that he would never have expected. It's like new partners for him" (R. Faucher, 1986, l. 2406). These consultations added a new and important step to the decision making process, at least for major capital expenditures like acquisitions: "The difference [in the acquisition process] came when he presen‌.d it to the Board and explained the kind of decision he had taken, why he wanted to go there. So we had to come out with a file" (R. Faucher, 1986, l. 3318).

Fast Acting

"Rémi's an entrepreneur. He's never changed from that. An entrepreneur takes decisions... and that's it, he's done. He not a man of paper... he doesn't like to write, he talks ove‌ı the phone" (R. Faucher, 1986, l. 4026).

The initial acquisition of Transcontinental Printing happened quickly. R. Marcoux himself said that "when I saw that nobody was interested to take over I said maybe there is an opportunity for us there... Claude right away said, super" (R. Marcoux, 1988b, l. 948). The acquisition was completed in a matter of weeks.

A more recent example of fast action was described by both R. Belair and C. Gentile. R. Belair said that he "mentioned at that time to Rémi that we should clarify the situation... with the President of TPS and so we did. He did that that same night and the morning after it was done" (R. Belair, 1988, l. 481). In this case, he had discussed the situation with R. Marcoux and "I said, Rémi, I'll do the job. I know it won't take long. I know what to do, exactly what to do. I need the authority" (R. Belair, 1988, l. 637). C. Gentile's description of the same situation also indicates a fast reaction time: "Roger [Belair] and I met with this individual for nine hours... and the next day, when I came back, I saw Rémi and I said, it's OK, I think Roger will do it. Go ahead and finalize with Ronald, we have a game plan" (C. Gentile, 1988, l. 1022). R. Belair's observation was that this fast reaction was not isolated: "He does that [fast action] often. Once he feels convinced about the situation" (R. Belair, 1988, l. 584).

Three other examples of fast action were identified:

1. When approached by R. Gagnon regarding a new company- wide employee pension plan, "his reaction was... I don't want to start with a big program... but he said, look, if you think that way analyse that and come back with a

proposal" (R. Gentile, 1988, l. 123). He did not block the idea, but rather, encouraged its development (It was subsequently presented and approved).

2. A second example had to do with the annual Christmas party: "The day after the Christmas party he called two or three guys and he said, look, we'd like to make the post-evaluation of the party. He just wrote notes and gave that to the secretary. He said, look, next year when we plan the party bring me back those notes" (R. Gagnon, 1988, l. 1559).

3. The final example, provided by C. Dubois, suggested how the new responsibilities to public shareholders might incite faster, as well as more deliberative and consultative decisions: "He may wish to make a decision more quickly because of this new dimension of public pleasing" (C. Dubois, 1986, l. 1317).

Summary

Management style is very central and binding in an entrepreneurially driven company like GTC. It is not surprising that it is the most frequently occurring code and that R. Marcoux is the subject in most cases. It is also not surprising to discover considerable overlap with other codewords. This was particularly evident with the Decision Making, New Functions, Organization Structure, and Human Resource Management (HRM) codewords.

The Management Style codeword identified delegation as an increasingly important management task. The hands-on entrepreneurs were no longer able to stay on top of all operating details. The IPO brought new tasks, beginning with preparing the prospectus and meeting filing requirements, that took top management away from operations. The ensuing growth meant a larger organization where it became increasingly difficult for them to remain operational. New executive roles needed to be filled and previous tasks delegated.

The new executive roles included relations with shareholders, increased community activity, and regular contact with stock analysts. New reports were required and operating managers had to provide them on time. Communications became more formalized to ensure full and accurate responses to outsiders' questions, and meetings became more frequent.

R. Marcoux continued to be the driving force. He inspired an entrepreneurial spirit in the company while at the same time, he was involving more people in decision making and he himself was becoming more conservative in his own decisions. It was his vision that directed strategic activities and he recruited many of the new managers, often through acquisitions. He combined the strength and charisma of his personality with an ability to make deals. He recruited managers and partners (i.e., business owners who sold to GTC in exchange for shares) and worked to keep them motivated. Other values in the company's culture were also attributed to him: Hard work, dedication, focus on people, and responsibility to shareholders.

Management style clearly presents itself as a key to unlocking the organizational processes taking place at GTC during the going public period studied.

The Culture Code

The notion of organization culture is relatively recent in the literature of organization description and analysis. There is no widely accepted definition of this term and the various transcript coders had less shared meaning about this codeword than about most of the other codewords. The definition of the Culture code that was used to guide transcript coding was as follows:

> Corporate culture, or management philosophy, as reflected in the distinctive attitudes, values, beliefs and common practises of people in the company. Often similar to the codewords Management Style or Decision Making, the Culture codeword may also 'overlap' with Organization Structure or Strategy. Culture may be expressed through attitudes to people (both inside and outside the company), approaches to situations (both opportunities and threats), work behaviours (both hours worked and open or closed door office practises), communication patterns (use of memos and reports versus direct, verbal contact), etc.

There were only 19 segments that were coded as Culture, representing 3.2% of all the segments coded. This codeword had less segments than any other codeword, although it appeared in 8/13 of the transcripts (62%). One reason for the lack of discussion of this issue was that it was not identified in the PIM and so the Interview Questions List (that guided the interviews - see Appendix A: Interview Questions List) did not focus on it. The fact that it emerged spontaneously in the course of so many of the interview discussions provides one clear indication of its importance in this IPO transition. (It also indicates how the results are grounded in the data collected and that the analysis must incorporate these emergent properties).

The analysis of the Culture code regrouped the coded segments into four sub-codes Eleven of the original Culture segments were subdivided, yielding a total of 30 segments in these four sub-codes. Two of these sub-codes identified attributes of the GTC culture - GTC as a family and GTC as dynamic, young, aggressive, hardworking, and proud - while the other two sub-codes highlighted the role of the owner/manager (Rémi Marcoux) in fostering this culture and identified the concerns expressed for maintaining this culture as the company grew and developed.

GTC as a Family

The GTC companies were described as very independent from each other, with each set up as its own profit centre. At the same time they were also very cooperative because they were all part of the same team, or family. Roger Belair described both of these aspects rather well. First, he stated that Claude Beauchamp "told me before that if we are not competitive and if we don't offer a good service, he's going to go somewhere else... He did [get other quotes], yes. I think that's fair if it's done correctly" (R. Belair, 1988, l. 210). Although no one would be happy if Beauchamp did, in fact, go to a non-GTC company, they did work to keep each other honest and at least quasi-arms length. On the other hand, Belair went on to say that "it's also a group so we have to forget we are profit centres sometimes .. There's an equilibre [a balance] with which we have to play constantly in the group. Not all managers can deal with this . It's not difficult for me, but it's difficult for newcomers, maybe" (R Belair, 1988, l. 934)

The issue of cooperative independence was also evident in the many situations where goods and services passing between GTC companies had to be priced and accounted for. "It's not necessarily the figures [on the inter-company transfers] that are important. They are important, but how do you make people accept that sometimes, it's a give and take policy?" (R. Belair, 1988, l. 1044). This attitude in GTC was contrasted to "other companies where, you know, you get two companies, two printing plants of Québecor and they both go after the same client with their own salesforce and shooting at each other to get the job. Our attitude there would be to say, 'Let's see if we cannot save one salesman there. Cut costs and have one guy supervising'" (R. Belair, 1988, l. 1009). At GTC, they kept a focus on "the big picture".

"GTC was a family, if we can use that term. The President could walk in just about every plant and know just about everyone and talk to them and shake their hand and encourage them" (J. Nepveu, 1988, l 741). Claude Dubois reflected, in 1986, much the same view as J Nepveu did in 1988. He described GTC as "very much of a family compact type of thing that we ran... We controlled 100% so we did it in the way we thought was really best for the company, and for the fun of it, and for the pleasure of us being a part of that. Now, having gone public, you have to envision a new scope, which are shareholders" (C. Dubois, 1986, l. 1235). Both men are describing GTC as a family, and both express concern that the growth of the company may disrupt the family aspect of the GTC culture.

This family culture did not result from the company becoming public. R. Gagnon described how the personnel documents from before the IPO reflected the company's concern for treating people fairly: "[They were] preoccupied by having rules and a management style that will respect employees and be fair... Yes [that philosophy shows through in those documents]. Like policy for bonus, policy for profit sharing, policy for performance appraisal, goal setting every year with employees. It was in '81/'82. There was [also] a policy that each location should have an employee manual" (R. Gagnon, 1988, l. 1604).

Thus, one important attribute of the GTC culture that is evident from this analysis is the particular type of family atmosphere they had developed. This had been developed from the early days of the company, but at least a few of those interviewed said that this family style was threatened by the continuing growth of the company.

Dynamic, Young, Aggressive, Hardworking, and Proud

"Look at the characteristics of our culture - aggressive, young, dynamic, proud" (R. Belair, 1988, l. 995). This description by a longstanding GTC manager was echoed by several others in the company:

- "The imagination aspect of it, the aggressiveness of it, the dynamic portion of it which we always have [and] we still do have" (C. Dubois, 1986, l. 1267).
- The philosophy which we have, of quick moving, flexibility, imagination" (C Dubois, 1986, l. 1544).
- "It's the sentiment de fierté [pride] here... People want to work for GTC... It's an image, you know... We were always characterized as dynamic, aggressive, young" (R. Belair, 1988, l. 799).
- "I think everybody believes that this company is going to set all kinds of records and everybody believes that the share is going to zoom, go back to the 12 [dollar stock price]... They're not worried" (C. Gentile, 1988, l. 1441).
- "Yes, Rémi does not fool around, he does react, the trait of an entrepreneur" (R Gagnon, 1988, l. 1060).

Working hard was another strong attribute of the GTC culture. Growth had not changed that. As Jean Aubert put it, "The people that were here were always overworked. Now there are more overworked people" (J. Aubert, 1986, l. 1155). R. Faucher expanded on Aubert's comment "They all work very, very hard. All our managers work very hard, very, very hard Every single one of them. And it's a way of doing things... Here you don't leave at 5 o'clock, nobody leaves at 5 o'clock and you work weekends sometimes too. Everybody does the same" (R Faucher, 1986, l. 4175). When asked what characterized GTC and made it better than other companies,

C. Gentile's first response was "dedication to hard work, something that comes from Rémi. It's unbelievable, the resource of persons [who are] that way, they'll scale mountains" (C. Gentile, 1988, l. 920). M. Vachon spent close to four hours with this researcher for an interview, a plant tour, and a lunch together despite the fact that he had just returned to work (in a cast) after a painful ankle fracture, they had had a printing press breakdown the previous night at 4:30 a.m. and, as a result, he expected to stay at work until 9:00 p.m. that night. He was no stranger to long hours and stated that he had often slept in his office because it was too late when he finished work to drive home only to turn around and come back a few short hours later. Weekend work had been a regular part of his diet for quite a few years.

People who work hard and are proud of their work and their company must also like their work. R. Faucher stated that "people like their work here" (R. Faucher, 1986, l. 4174). R. Gagnon reiterated this, and explained it a little bit when he said that "the majority of people like their work here... They make their own job... People feel that they are part of a winner" (R. Gagnon, 1988, l. 695).

Finally, one reason people liked their work and were proud of it was apparently linked to the company's philosophy and values about people. This was reflected in relation to both company employees and customers: "It's an organization of people. It's more human... Here we put a lot more emphasis on the selection of people than on making sure that the salary of the guy will fit with our policy" (R. Gagnon, 1988, l. 657). In relation to customers, C. Gentile observed the intense "commitment to service and flexibility in terms of accommodating the customer. This company has been driven by the customer, sometimes to a fault" (C. Gentile, 1988, l. 924).

The Owner/Manager's Role

It's clear that Rémi Marcoux was the driving force behind much of the GTC culture. Five different people had comments attesting to this:

- "He [R Marcoux] is the captain, definitely, he takes his place" (R. Belair, 1988, l. 993).

- "It's a corporation that's driven by him [(R. Marcoux] and the people here have to answer to keep up with the beat" (R. Faucher, 1986, l 4040).
- "[The] dedication to hard work [is] *something that comes from Rémi* (emphasis added) (C. Gentile, 1988, l. 920).
- "The entrepreneurial spirit stills manages to remain. It remains because Marcoux is on top and he is very entrepreneurial. People like Gentile and Gagnon and myself, for instance, are attracted to an organization like GTC because we think we can acquire some of that entrepreneurial spirit which we couldn't find where we were previously" (J. Nepveu, 1988, l. 282).
- "That's one of the reasons that I came here, because it was a company that is entrepreneurial" (C. Gentile, 1988, l. 213).
- "People will come in here and like Rémi just like that" (R. Faucher, 1986, l 4163)

R. Marcoux fostered and perpetuated many of GTC's cultural attributes by demonstrating them in his own behaviour (e.g., hardworking, quick to respond, and entrepreneurial) and by attracting management talent because of his personality and style. He also had a similar influence on the culture of the companies he acquired in the GTC group. C. Gentile explained.

> Yes, [many of the same cultural attributes would be evident in any GTC plant or company], because that's what he's looking for. If you look at Rémi, what he buys, he looks at the philosophy of the owner that he's bought He has to have the same philosophy he has: hard work, commitment to servicing the customer, commitment to the product line, commitment to the people. So generally he's done a very good job in being able to hire or to buy these companies with that kind of philosophy... [The result is that] you have a bunch of individuals all priding themselves on how to run a business in their own context but not within a large organization... [This hasn't created problems] because Rémi has done a very good job of pulling them together, but also the right chemistry, the right philosophy (C. Gentile, 1988, l. 936, 973).

There's little question that Rémi Marcoux was critical to both the development and maintenance of the GTC culture. The interesting challenge for both Marcoux and the company was to firmly embed this culture into the organizational fabric so that it could perpetuate itself and evolve more independently, with less reliance on a single individual. In fact, several people expressed concern about how they would maintain the key elements of their corporate culture through extended periods of very fast growth.

Keeping the Culture Intact

One of the non-interview documents that provided a public pronouncement about the GTC culture was the text of a speech to the Congrès de l'Association des Professionnels en Ressources Humaines du Québec. R. Marcoux described in this speech the importance of maintaining the company culture and explained how they try to achieve this:

> Our human resource needs, for managers and specialised employees, are enormous and they are apparent in various different geographic areas. Furthermore, we acquire other businesses. How then can we insure that our management philosophy remains in place and the culture that it conveys is transmitted throughout our group? Our solution is a human resource development program centred around our choice of management and their development in the company, the conditions of work and the internal communication within the organization (translation by author) (R. Marcoux, 1987a, pp.6,7).

Six of the ten persons interviewed in 1988 (one year after the above-quoted speech) did, however, express some concern for keeping the GTC culture intact as the company grew and changed. These six cover a good cross section of the company: Two owners (R. Marcoux and C. Dubois); three recently hired executives (J. Nepveu, R. Gagnon, C. Gentile); and one longstanding manager (R Belair).

Roger Belair felt that "when we get to a certain stage, I find personally that you have to be very attentive at making sure that we don't lose our culture. I think we have a very particular culture in GTC .. I think we should invest money in order to protect that... I think that's what made us what we are as a group" (R. Belair, 1988, l. 902). He went on to say that "we've grown fast and we've made a commitment that we'll continue to grow. I'm concerned a little bit about keeping our culture" (R. Belair, 1988, l. 1054).

R. Gagnon saw the maintenance of the GTC culture as an important challenge: "I think if we manage well and have the right people, we can keep that [our culture]. That's my impression. That's the challenge" (R. Gagnon, 1988, l. 1370) C. Dubois saw the same issue. "[The challenge is] how to maintain this [imaginative, dynamic, aggressive culture] and to have a good, sound base company at the same time" (C. Dubois, 1986, l. 1264). He even went further, noting that this "has been the key transition and the largest one made from one [as a private company] to the other [as a public company]" (C. Dubois, 1986, l. 1554).

C. Gentile saw the need for some changes in order to continue to grow and prosper. He felt that they had to "allow some of that decision making capability [to be transfered] down to the lowest level possible... That's a culture change. That's a style change, that's a culture change that's occurring... [it has to] start with Rémi" (C. Gentile, 1988, l. 506).

In the end, R. Marcoux probably made the clearest statement about the importance of maintaining the GTC culture: "That's our goal, to develop and keep this place with the entrepreneurship. I don't think it's stated . [but] that's right [it's one of the most important goals in terms of the culture of the organization]" (R. Marcoux, 1988b, l. 2914). He explained the fundamental importance of this company culture in the growth of the organization in a speech in March, 1987 (This non-interview data from a public statement represents an important source of triangulation on this issue):

> These [fundamental values] allowed us to establish from our beginnings the climate of trust that was necessary in order for everyone to make the sacrifices required to move the company from startup to growth.
>
> Our fundamental values were the following.
>
> - to work relentlessly, the only way to be successful;

- to work efficiently, meaning with the right tools;
- communicate our objectives to others in the company;
- respect our promises, regardless of the price;
- respond to customers' needs at all costs;
- recognize employees' work in a way that is fair and equitable.

It was necessary to insure that these values were shared by everyone in the organization.... New employees were chosen to fit this mold and it was critically important to count on existing employees to enforce recalcitrants to adjust, otherwise it would never work (translation by author)(Marcoux, 1987a, pp. 3,4).

Summary

Culture was not an issue that was deliberately explored in the GTC situation. It arose in the course of the interviews and was "discovered" in the course of the data analysis. A more deliberate investigation might have uncovered other elements that make up the rich fabric of a corporate culture; nonetheless, the dominant attributes were identified.

The company's growth and profitability record and the observations of the company atmosphere and style of working, at least on the days when interviews or meetings took place, provide further evidence for the dynamic, aggressive, fast moving, and proud organization. The most interesting aspect of this analysis is, perhaps, the evidence of pressure on the established culture. Their values and beliefs had helped build the success of the company, but the resulting growth was making it more difficult to maintain this culture throughout the organization. The management of this situation would have an impact on the future prosperity of the company.

CHAPTER V

DISCUSSION

The conceptual framework presented at the conclusion to the Literature Review Chapter identified three dimensions for this research (see Figure 5: The Conceptual Framework):

1. The research process dimension focused on the latest stage in the evolution of needs assessment: To identify performance problems and to consider the total system. This study was designed to develop a method for a problem-seeking, organization-wide needs assessment. Extant models did not adequately prescribe such a method. One important element introduced in this study was the use of a context specific, literature based model to guide the process.
2. The research context was the IPO event in the organization life cycle. This was presented as a predictable organization transition and the needs assessment method was expected to identify and describe the transition issues involved in this transition. The results demonstrate that this objective was achieved.
3. The third dimension to the conceptual framework was the application of the results in the completion of a front end analysis. The results of this study are used as the basis for proposing the design of suitable learning interventions at various levels in the organization system.

Each of these three dimensions of this conceptual framework will be discussed in turn

The Research Process: A Problem-Seeking, Organization-Wide Needs Assessment

The literature reviewed on needs assessment described the various approaches found in the educational technology literature. The earliest focus of educational technology on instructional design did not always address needs assessment, and when it did, it looked at the analysis of predefined problems in specific tasks. The focus of educational technology subsequently broadened to performance improvement, and in this context, needs assessment came to be defined as the analysis of gaps between desired and actual performance, generally at the level of individual jobs or tasks. The incorporation of the systems perspective in educational technology further broadens the educational technology perspective on needs assessment beyond the individual job or task to the system. It is at this level that gap analysis begins to be concerned with the identification of deficiencies and the recognition that changes in jobs do not occur in isolation. This systems perspective encourages a system-wide analysis that looks at organization functions, their relationships, and how these change as the system continually interacts with a changing environment. The results of this systems analysis can be used by the educational technologist to identify emerging needs in an organization and to then develop proactive interventions for timely learning. This system-wide perspective supports needs assessments even when specific problems have not previously been identified.

There are only a few writers who have recognized that needs assessment can address this problem identification issue (Kaufman and English, 1979; Mayer, 1986; Rossett, 1982, 1987). Rossett (1987) is the only one to prescribe specific techniques for carrying out such a task, and these were the guidelines that formed the backbone of the method adopted in this study. Kaufman and English (1979), for example, discuss an alpha level needs assessment as one that addresses gap issues at the level of organization mission and strategy (and so considers the system-wide perspective), but they do not prescribe the techniques for carrying out such an assessment.

This study builds on the literature begun by Rossett by demonstrating the application of specific techniques to identify needs, or gaps, that were not recognized by the target organization prior to the completion of this study:

- The technique of *subject matter analysis* was used to inform the needs assessment and guide the other data collection. The Preliminary IPO Model

(PIM) was developed in this step.

- The technique of *extant data analysis* led to a review of internal documents (financial statements, corporate minutes, internal memos, the texts of speeches, and the CEO's diary) that formed part of the description of the company's results, methods, attitudes, and behaviours External documents (stock exchange records, stock analyst's reports, and newspaper and magazine articles) described company performance as seen by outsiders.
- The *needs assessment techniques* used were interviews and observations. Interviews were the principal technique of the study; the bulk of the data analyzed came from the transcripts of interviews with nine company managers (and one external Board member) in two different years (1986 and 1988) Much of the extant data analysis was combined with these interview transcripts to form the data base for subsequent analysis.
- *Observations* were used both as an informal method (i.e , keeping eyes and ears open during the numerous visits to four different company locations) and more formally (sitting in on a Management Committee meeting of the top company executives). Any written observation notes were also incorporated into the data base.

These four techniques were mutually supporting in the completion of this needs assessment. These needs assessment techniques are not new in themselves, but their synthesis and organization *is* new and this study provides the literature with a single, concrete, and successful example of it.

The results show that significant changes were taking place in the organization studied, and that almost all of these could be understood within the framework of the PIM that was developed as part of the needs assessment process. The needs assessment was deemed a success by virtue of the results' high correspondence with hypothesized factors (the PIM), as well as the identification of additional factors. Hopefully, this approach will pave the way for other, similar, problem-seeking, organization-wide needs assessments. This needs assessment could be done for other transitions in the organization life cycle or for other predictable organization transitions that may not be identified in the organization life cycle literature. The focus is on identifying and understanding the issues involved in *any* predictable organization transition. In the terms of the conceptual framework, this research process can be applied in many different research contexts. Thus, predictable organization transitions can be found not only in business organizations (e.g., adjusting to new production technologies in the steel or brewing industries in the 1980's) but also in government organizations (e.g., the change from one ruling party to another), and educational institutions (e.g., the downsizing of English public schools in Quebec as a result of language legislation and emigration). It is the application of this research process, a problem-seeking, organization-wide needs assessment, that will expand the domain of educational technology. This study provides a first concrete example of how to proceed.

The Research Context: A Predictable Organization Transition

The research context for this study was the IPO event in the organization life cycle. This study provides the first model of the IPO as a predictable organization transition in the life cycle of a company. The model itself represents a contribution to our understanding of the IPO process. It also provides a useful empirical contribution to the life cycle literature, as well as a method of identifying and characterizing other life cycle transitions.

The PIM was derived from the existing literature on the IPO event. The Interview Questions List (shown in Appendix A), developed from the PIM, guided the interview process. Data were collected that were found to support most of the transitions predicted by the PIM; there was clear evidence to show that the five main changes of the PIM were taking place at GTC. (These changes were in the areas of organization structure, decision making, strategic thinking, growth potential, and management style.) This provides an important first empirical confirmation of the model. (The argument that this approach is self-fulfilling is addressed in the Conclusion section later in this chapter.)

The inductive nature of the research method also allowed for the emergence of unforeseen elements, and the Culture codeword was uncovered as an important aspect of the IPO transition that the PIM did *not* consider. The GTC transition to a public company brought with it an accelerated growth rate that reinforced the IPO changes, particularly in the areas of formalization, delegation, and organization structure. New people, new plants, new locations, new functions, new systems and procedures all strained the organization's "personality" - its values and practices. The maintenance and propagation of this culture is important in guiding the behaviour of organization members and keeping organization units (increasingly spread over a wider geographic territory and a wider range of activities) together in a cohesive corporate family. The pressures of the IPO transition, the accelerated growth rate, and the sheer size of the GTC organization were making the management increasingly aware of this cultural transition. It is an important transition issue that must be incorporated into an IPO model. Situations that influence changes in management style, the growth potential of the organization, its organization structure, and its decision making system can all, in turn, influence changes in the organization's culture. The inclusion of these influences is shown in Figure 20: The IPO Transitions Model (ITM).

This ITM provides a framework for future studies to further validate or modify its structure and elements. An educational technologist working with organizations facing a similar IPO transition can use the method, the specific results of this study, and the ITM it proposes as rather detailed maps to guide data collection, analysis, and interpretation. The next section of this chapter, A Design for Suitable Learning Interventions, also proposes the elements of a learning system design to manage the transition process. Owner/managers of firms considering the IPO process can use the ITM to both assess their decision more fully and to provide self-instructional guidance in their own management of their firm's transition.

Figure 20

IPO Transitions Model (ITM)

The facts about going public	The possible impact on the organization	The resulting changes
1 Separation of ownership from management	→ clean up books, records, agreements	
	→ partners become managers (new role definition)	→ change in mgt style → change in org structure → change in org culture
	→ ownership can be valued and traded	
	→ staff reward - loyalty of existing staff	→ growth potential (org)
	- recruiting of new (executive) staff	→ growth potential (org)
	→ influence of stock prices on behaviour	
	- disruption of work	→ growth potential (org)
	- short-term perspective	→ changed decision making → change in org culture
	→ customers & suppliers as shareholders (increased loyalty)	→ growth potential (org)
	→ new p r functions	→ change in org structure
	- disclosure restrictions	
	- to encourage trading	→ change in org structure
	→ acquisition possibilities (using shares vs cash)	→ growth potential (mkt.) → change in org culture
	→ takeover possibilities (hostile, merger, sell out)	→ new dimension to strategic thinking
2 Public accountability and disclosure of info (regulatory requirements)	→ new auditing functions, new auditors	→ changed decision making
	→ new info systems – new reporting or control possibilities	→ changed decision making → change in org culture
	→ restructuring of Board of Directors	→ changed decision making → change in org culture
	→ legal constraints on decisions (e g disclosure)	→ changed decision making → change in org culture
	→ formal written plans (e.g annual report)	→ changed decision making → changed mgt style → new dimension to strategic thinking → change in org culture
	→ info available to competitors	→ new dimension to strategic thinking
	→ info available to suppliers, customers	→ growth potential (mkt)
3 New sources of funds (new equity plus new borrowing possibilities)	→ funds for internal expansion	→ growth potential (mkt) → change in org culture
	→ acquisition possibilities (cash or shares)	→ growth potential (mkt) → change in org. culture
	→ changed asset utilization, increased organization slack, possibilities for decentralization, delegation, new staff functions	→ changed org structure → growth potential (org) → change in org culture

The life cycle literature is extensive, but it severely lacks empirical support. The Literature Review chapter noted that there are many different models and that "many of these differences [between life cycle models] arise because the models themselves are not explicitly grounded in empirical investigations". Any systematic empirical investigation is, therefore, welcome in this area (Glueck, 1974, p. 26, quoted in Vozikis, 1979) The IPO is a stage not presently included in extant life cycle models; it's identification and characterization as provided in this study represent a valuable addition to that literature.

The weak empirical base in support of the various life cycle models may be due, in part, to a lack of available techniques to identify and characterize the various stages of these models. The method of this study was built from the needs assessment literature in the educational technology domain. It's application in the life cycle area, traditionally a business management domain, demonstrates one benefit of an interdisciplinary approach: A method from one domain (Ed Tech) makes more research possible in another area (life cycles) where it is clearly needed. Similar methods could be used to assess the transition issues and learning requirements for other predictable organization transitions.

The IPO transition was selected for this study because it is easy to identify companies at this stage of their development. The possibility of a large target population is greater for this life cycle transition than for other life cycle transitions This does not mean, however, that other life cycle transitions cannot be studied in the same way as the IPO transition was studied in this research, even if the populations of these companies are hard to identify. This study has demonstrated that a single case study can yield useful results, especially if it is grounded in the existing literature about that transition.

Greiner (1972), for example, presents a crisis driven model with five phases of "revolution" and "evolution". Each revolutionary period is characterized by a critical management problem that must be resolved before growth can continue. Thus, the creativity stage when a new business is born fosters a leadership crisis when the organization grows beyond what the founders can do by themselves. A capable business manager is required to lead the company in developing a functional organization structure, more formal accounting and communications systems, and a managerial style based on delegation. This transition is one that could be examined using the needs assessment method of this study. Similarly, each of Greiner's other revolutionary periods could provide the focus for a needs assessment that would determine in some detail the nature of these transitions, so that the management of them can be improved with the design of suitable learning interventions.

These times of organization transition are opportune and important moments for an educational technologist to intervene in the design and implementation of new learning systems. Any study that can help to identify and characterize such transitions makes a contribution to practising educational technologists (by assisting in the analysis and understanding of the organization transition process and by providing new areas of practice), to the recipient organizations (by helping them identify and manage their transition process), and to the field of educational technology (by validating the use of an Ed Tech process in other application domains). The increasing attention of educational technology to performance improvement, including assessment and intervention in human performance systems, supports both the process used by this study and the content domain examined.

A Design for Suitable Learning Interventions

The conceptual framework presented at the conclusion to the literature review chapter identified the three dimensions of this research The preceding sections addressed the first two of these dimensions The research process (a problem-seeking, organization-wide needs assessment) and the research context (the IPO as a predictable transition in the organization life cycle). The third dimension of this conceptual framework is the application of the results in the completion of a full front end analysis This front end analysis uses the results of the needs assessment to prioritize the needs identified, to identify appropriate interventions to address those needs, and to then test these interventions prior to full scale implementation

(Romiszowski, 1981). This section addresses the important task of identifying appropriate interventions that can be used to address the needs uncovered in the needs assessment The final selection, development, and implementation of learning activities would require additional data beyond what was gathered in this needs assessment, but the design for suitable learning interventions proposed herein provides the foundation for building this more comprehensive front end analysis.

Suggested Interventions

This needs assessment identified six major areas of change in the IPO process. Changes in organization structure; in decision making; in strategic thinking; in growth potential; in management style; and in organization culture. Specific changes in each of these areas for the company studied were detailed in the Results chapter While this identification of learning needs is a critical task for an educational technologist to perform, by itself it is incomplete. It is also necessary to show how the focal organization can learn to adopt new structures, methods, and procedures to successfully adapt to these changes, and to show how the key individuals in the organization can learn the new skills, attitudes, and behaviours r quired.

Consideration was given to the possible ways to manage each change identified in the GTC situation. The Figure 21: IPO Transition Interventions presents these suggestions and shows how they relate to the changes described by the ITM and those found in the GTC situation.

Figure 21

IPO Transition Interventions

ITM Change	Corresponding Codewords	Observed Changes (GTC)	Suggested Interventions
1 Changes in Organization Structure	• Organization structure • New Functions	• more formalized, rule based, policy bound, bureaucratic	• training (incl job aids) • strat planning gp /open systems planning • organigramme revision/organization redesign • feedback systems
		• decentralization	• coaching and counselling • strat planning gp /open systems planning • organigramme revision/organization redesign • modify consequences (rewards)
		• new roles and functions (p r and information requirements)	• coaching and counselling • training • role analysis • changed control and accounting systems • job design • feedback systems
2. Changes in Decision Making	• Decision Making • Board of Directors	• more people involved	• training • feedback systems
		• more structured, formal, time consuming	• training (incl. job aids) • strat planning gp /open systems planning • feedback systems
		• short term pressure	• reward systems (use of shares)
		• less entrepreneurial and more deliberate, cautious, conservative	• training
		• new Board roles (as highest authority and as new input into executive decisions)	• job design

Figure 21

<u>IPO Transition Interventions</u> (cont'd)

ITM Change	Corresponding Codewords	Observed Changes (GTC)	Suggested Interventions
3 Changes in Strategic Thinking	• Strategy	• goals and plans more detailed and explicit, goal statements on paper	
		• budgeting more involved	• training (incl job aids) • changed control and accounting systems
		• acquisitions accelerated by new funds and use of shares	• reward systems (use of shares)
4 Increased Growth Potential	• Growth • Finance • Stocks	• Changed financing activities - new banking relationships - use of shares for acquisitions	• reward systems (use of shares)
		- use of shares to motivate owners turned GTC managers	• reward systems (use of shares)
		• increased visibility and credibility	
		• growth constrained by - limited management resources - increased information requirements	• changed control and accounting systems
		- incompatible data bases	• changed control and accounting systems
		- integrating new operations	• management team building • mentoring
		• HRM changes - increased recruiting (largely R Marcoux)	• training (incl job aids) • modify consequences (rewards)
		- formalized policies and structures	• training (incl job aids)

Figure 21

IPO Transition Interventions(cont'd)

ITM Change	Corresponding Codewords	Observed Changes (GTC)	Suggested Interventions
5 Changes in Management Style	• Management Style • Organization Structure	• delegation increasingly important	• coaching and counselling • feedback systems • mentoring
		• more management meetings	• feedback systems
		• new executive role in shareholder relations	• coaching and counselling • role analysis • organization redesign • job design • feedback systems • training
		• CEO style (R Marcoux) - more consultative, more conservative, main recruiter; main spokesperson, demonstrate and uphold company values, less time for operations	• organization redesign • feedback systems • training • mentoring
		• hiring from large corporations	• reward systems (use of shares)
6 Changes in Organization Culture	• Culture	• need to maintain company culture	• feedback systems • training • strat planning gp /open systems planning • mentoring

The various suggested interventions were identified from the literatures of both educational technology and organization development. The combination represents a productive partnership between two fields that have some common concerns about changing behaviours in order to improve organizational performance. The next sections will describe the organization development and Ed Tech approaches, and then the interventions suggested for the GTC IPO transition will be described.

The Organization Development Approach

Organization development (OD) is concerned with managing the process of organizational change The perspective is system-wide and the focus is on planned change "Organizational development is concerned with long term planned change in the culture, technology, and management of a total organization or at least a significant part of a total organization... [It] relies upon learning as a means to bring about the desired changes" (Gilley, 1989, p. 48). OD emerged as a field of study and practice in the 1960's as "a response to change, *a complex educational strategy* [emphasis added] intended to change the beliefs, attitudes, values and structure of organizations so that they can better adapt to new technologies, markets, and challenges, and the dizzying rate of change itself" (Bennis, 1969, p 10). One of the principle objectives of OD programs is the "long range effort to improve an organization's problem solving and renewal processes" (French and Bell, 1973, p. 15). Thus, the impetus for the rapid growth of OD since the 1960's has been the increasing need for organizations to adapt more quickly and effectively to an increasing rate of technological, societal, and competitive market changes. Unsustained growth in organization size, complex technology, and changes in the management of organizations have also spurred the growth of OD (Bennis, 1969).

The roots of OD can be found in the laboratory approach to training and in the action research model for solving organization problems. The laboratory approach to training was first developed in the 1940's by Kurt Lewin and others at the Research Center for group dynamics at M.I.T This approach evolved to become Sensitivity Training (Training Groups) and the National Training Labs (NTL) was founded to develop and promote this method of learning about group dynamics and personal behaviour through direct experience. Improved understanding of individual behaviour and group processes was seen as the key to maximizing the human resource potential of organizations.

The action research model, also strongly influenced by Kurt Lewin, "consists of gathering data from a client group, organizing and forwarding the data back to the group, and using the data to explore ways to improve" (D. Warrick, 1984, p. 8). Thus, OD methods were based on the belief that improved personal insight and interpersonal functioning were the keys to successful organization change.

Warren Bennis identified seven characteristics of OD in 1969 that have stood the test of time and remain important today:

1. "*First* of all, it is an *education strategy* adopted to bring about a *planned organizational change*" (p. 10).
2. The planned change is in response to a situation the organization is trying to cope with.
3. The learning is based on direct experience.
4. OD programs generally rely on external change agents.
5. They are built on collaborating relationships.
6. Change agents share a social philosophy of humanistic values that will "shape their strategies, determine their interventions, and largely govern their responses to client systems" (p. 13).
7. Finally, change agents share normative goals about the desirability of organic rather than mechanistic systems.

Thus, we find an external change agent collaborating with organization members to help them develop more humanistic relationships and a more organic organization structure.

This is intended to make the organization more effective.

OD projects have a strong reliance on an external change agent as a catalyst, leader, and role model (Argyris, 1976; Beer, 1980, Bennis, 1966; Schein, 1976, Tichy and Ulrich, 1984). They must be adept at process consultation, as opposed to traditional consultation (Schein, 1976). This requires different and more difficult skills (Argyris, 1976). They also need other consulting skills, as well as knowledge skills, conceptual skills, and human skills (Warrick and Donovan, 1979). "When one considers the knowledge, experience and expertise necessary to be a skilled change agent, it is easy to understand why change agents often have the image of warriors who slay dragons, fend off villains, and perform wondrous miracles for organizations" (Warrick, 1984, p. 17).

OD is, in summary, a field of study and practice with considerable relevance for any organizational change program. It does, however, have some limitations when applied to predictable organizational transitions, such as the IPO event of an organization life cycle. Nonetheless, OD has developed a wide range of useful interventions to facilitate individual, group and systems interventions.

The Educational Technology Approach

OD generally occurs in large organizations that seek to become more organic and less mechanistic. OD efforts rely heavily on a single individual - the OD consultant. Both these aspects limit the effectiveness of OD in helping to manage an IPO transition. Educational technology, on the other hand, can help to counteract these weaknesses. It also has other important contributions to make to the IPO transition.

The appropriate use of educational technologies can reduce the reliance on this almost superhuman change agent. Designing learning systems and learning interventions that can be used by many different people becomes increasingly possible when we deal with predictable organization transitions, since development costs can be spread over several implementation sites as different organizations face the same transition issues At the same time, educational technologists can become equipped to apply some of the OD techniques to reduce the load of an OD person. This is a cooperative problem solving approach that marries management techniques with learning support technologies.

The OD focus on helping large organizations to become more organic is not always appropriate in an IPO or other life cycle transition. In GTC's case, for example, the organization was consciously seeking to become *more* structured and formalized in order to consolidate its increasing size; it was not seeking to become more organic. In fact, Kimberly and Quinn (1984), both of whom are known for their work with organization life cycle models, found the life cycle metaphor of predictable organization transitions to be inadequate when applied to established firms where "crises of leadership and performance, changes in strategy, and corporate reorganizations often occurred but in no particular sequence and at no particular time" (p vi) They became interested in the OD perspective for managing corporate transitions as a result of these inadequacies. OD seems most applicable to mature companies. Educational technology does not share OD's normative goal of developing more organic organizations, but rather, it looks to design effective learning systems wherever performance improvement is desired. Educational technology is concerned with learning problems The tools and techniques for managing behaviour change are the main domain of educational technology, with one thrust in the area of performance improvement. Educational technology's main roots are in education, cybernetics and systems engineering, and psychology, although it has also been described as a "multi-disciplinary conglomerate" (Mitchell, 1981) drawing from many other fields as well. It is, however, the systems approach and the performance improvement perspective that provide the most useful guidelines for managing the IPO transition.

The systems approach recognizes the organization as a dynamic whole, with all parts interrelated. Interventions cannot, therefore, be carried out in isolation, but rather, must form part of an integrated, ongoing program. Regular monitoring and adjustment is essential. The systems approach to performance improvement and instructional design begins with an identification and analysis of the problems, including the target audiences. This front-end analysis helps to insure that solutions are designed to fit the problem at hand and that the "Law of the Hammer" (Geis, 1986, p. 4) does not prevail.

The needs assessment that was performed in this study identified areas of change in GTC's IPO transition. ET and OD interventions were both reviewed and selected based on whether or not they would address any of these transition issues. In fact, both OD and Ed Tech use many of the same interventions (e g., training, modifying consequences of performance, and coaching and counselling) These two approaches are complementary, bringing them together in this presentation enriches both and, more to the point, provides a more complete and effective set of interventions for the transitions observed at GTC

Proposed Interventions for the GTC Transition

The various interventions proposed for the GTC IPO transition are presented in the order of their appearance in Figure 21: IPO Transition Interventions.

Training

Training might be relevant in all areas of individual learning through the IPO transition, but is most likely to be the best intervention when definite procedures are to be implemented In these cases there could be a large number of people who will need additional knowledge in order to perform their job tasks. Training would be most applicable, then, in the following areas:

- Budgeting became more involved at GTC and training in the new systems and methods would ease the change and reduce errors.
- The changes in decision making (more structured and formal; more deliberate, cautious, and short term) involved managers at all levels across the organization; training would help these people to understand and support these changes.

- Training would also help people throughout the company adjust to the changes in the organization structure (it became more formalized and bureaucratic at the same time that it was becoming more decentralized).
- The human resource requirements of the growing organization is another area where there were changes involving many people. Training would therefore be appropriate to teach recruiting and selection methods for bringing in new employees and to explain to all employees the new HR policies that accompanied the increasing structure and formalization in this function.
- Finally, training might prove useful in addressing any culture changes that the feedback instruments (see the section on Feedback Systems, below) might identify and that would be of concern to top management.

The educational technologist can make important and significant contributions in this area. It is here that established instructional design (ID) models could be put to good use (Briggs and Gagné, 1979; Davis et al, 1979; Dick and Carey, 1990; Mager and Beach, 1967; Romiszowski, 1981). Training for each topic would have to be designed in light of its target audience and the type of knowledge, skill, or attitude to be learned.

- Training for new budgeting procedures would involve all those involved in budget preparation and use across all divisions and companies; the training objectives would be mostly in acquiring knowledge of new processes, why they are necessary, and how they work. Examples, practice exercises, and job aids would likely form part of this training design.
- Changes in decision making styles and methods would be a more complex training problem, both because the behaviour patterns and decision making styles of key executives are more entrenched and because the learning task would be different for different levels of management. The owner/managers who had previously made most decisions quickly and informally, without much

consultation and discussion, would face one set of learning tasks: How to involve and inform more people and how to delegate to them. The middle managers would face a different task: How to take on responsibility for making decisions that were previously made for them and, perhaps, how to help to train their superiors in "letting go".

- The increased formalization and bureaucratization in an increasingly decentralized GTC organization presents yet another training challenge. Here again, subject, task, and target audience analysis would be required to develop clear learning objectives, but it is likely that these changes would be felt at all levels of the organization. Training alone could not accomplish these changes, which would of necessity take place over a period of time, and so organization redesign activities, including modification of reward and feedback systems, would be a concurrent activity. The actual training activity might start with initial company-wide information sessions (i.e., knowledge about organization structure/design and why/how it needs to change). Outside experts could provide the background, while company executives could provide information about planned company changes. A next step might be for existing work groups to meet with trainers to examine the impact of proposed changes in their own areas. This type of action could achieve two important things: It would actively involve people in the change process, reducing potential resistance to upcoming changes; and it would serve as a needs assessment for work groups to develop, with assistance, their own agendas for a change program. Overall coordination with division and corporate management could lead to the development of additional training to address knowledge requirements (e.g., how are new, more formal procedures developed, adopted, and used), skill requirements (e.g., how to design efficient forms; meeting management; enforcing policies), or attitude requirements (e.g., overcoming resistance to change). It is also likely that, at least at the executive levels, training activities would be coordinated with individual coaching and process consultation activities. Survey feedback instruments would also be important to provide feedback on this important change process so that it could be monitored and adjustments made.

Job Aids

Job aids provide "places to store information so that the need for recall is reduced" (Harless, 1986, p. 108) They serve as reminders for what to do in completing certain tasks. They can support training activities and in some cases they can even replace training. In the GTC IPO transition they could support training in those areas where this needs assessment identified that new procedures are to be followed For example, a job aid could be prepared to show the steps and the timetable for the annual budgeting process; another could identify decision areas and who has responsibility for each (R. Gagnon prepared such an aid in the HR area for making hiring decisions - see Figure 18: HRM Plan, 1988 in the Results chapter). Job aids could also find a place in supporting performance in other procedural areas uncovered in this needs assessment, such as the increased formalization and bureaucratization.

Strategic Planning Group/Open Systems Planning

The major focus of OD is on group processes. The normative goal of OD programs to develop a more organic organization makes team building interventions central in most of these programs. These group process meetings are used to improve communications, to identify and prioritize problems, to set goals, and to learn how to solve problems cooperatively.

The GTC IPO transition, like other life cycle transitions, is *not* necessarily a movement from a highly bureaucratised or mechanistic organization to a more organic and fluid one.

The reverse is often true. In GTC's case, a highly successful entrepreneurial organization was facing the pressures of growth and size on what had been, in fact, a fairly informal and organic structure. It's need was to become *more*, not less, formalized and bureaucratic Team building meetings in this case would be more likely to focus on developing a common view of where formalization was required and planning how to design and implement these changes. Loosely structured team meetings would be appropriate for these tasks, which would take place at the highest planning levels of the organization. In fact, with the rate of change in the GTC organization, an ongoing top management team building process could serve to keep top management unified and on top of their situation It would serve, in effect, as a strategic planning group to maintain corporate direction This would be a key role in managing the transition process

The main change issues to be considered by this strategic planning group would be the increased formalization and decentralization of the organization structure and the decision making process, and monitoring and maintaining the organization culture

The relationship of the organization to its environment is fundamental to organization success. In GTC's case, both the organization and its relevant environment changed with growth and the IPO. Success and timely realignment is critical in this dynamic situation Michael Beer (1980) presents "Open Systems Planning" as an intervention technique wherein the organization-environment-strategy linkages are reviewed He provides a "Social Systems Model of Organizations" to guide this review In fact, Beer recommends a strategy planning exercise to assess changes in the relationships of the organization to its environment Specific techniques he suggests to assist in this assessment include sensing meetings (unstructured interviews with stockholders inside and outside the organization); confrontation meetings (in which the entire management meets for a full day to take a reading of their organization's health); diagnostic meetings of managers in the same or different areas to plan and carry out diagnostic activities; or organization mirroring (using outsiders and their views in a fishbowl technique). These activities could be integrated into the realities of the GTC transition through the top management strategic planning group This would be an ongoing process to ensure both consistent perspectives and proactive leadership from GTC management (GTC, as a highly successful company both before and after its IPO, might not require this strategic planning group to the same extent as other, typically less successful, new public companies)

Organigramme Revision/Organization Redesign

Systems interventions change the organization structure, the jobs in it, and the relationship of the organization to its environment. OD interventions which focus on organization systems rather than individual behaviour or group processes are relatively new to that field, but they cannot be overlooked since their impact on performance is dramatic (Warrick, 1984) The most visible structure change at GTC was represented by the creation of a new organization chart (organigramme). This indicated an important restructuring of people, positions, and responsibilities It was undertaken in response to persistent problems with the relationships prescribed in the previous organization chart A proactive, anticipatory response would undoubtedly have saved both anguish and cost

Rummler (1986) has the perspective of an experienced educational technologist with a focus on performance improvement He argues that changing the formal organization chart is often insufficient since it does not account for all the communication and work flow relationships that actually exist He therefore suggests the use of an organization map to show system flows. This detailed analysis of how the organization functions as an "adaptive processing system" (p 219) leads to a more precise analysis of where problems occur and, in turn, to more appropriate and successful redesigns. This approach would require an analysis of GTC's activities that goes beyond what this study considered, but it would provide a more satisfactory and long-lasting solution than the simple rearrangement of boxes on the organization chart. The Montebello Retreat by GTC executives in 1986 that resulted in their new organization chart would have been both more effective and more long lasting if they had incorporated Rummler's approach.

Feedback Systems

Feedback systems provide ongoing information on system performance They must go beyond accounting control and performance appraisal reports to include continuous feedback to individuals on their job performance. The divisional and corporate executives at GTC would also need feedback on the performance of their subsystems and work groups Their needs for feedback became more critical as changes became faster and more difficult to learn, and as top executives were less and less able to stay in touch with operating details (This was reported to be the case for both R Faucher and R Marcoux)

Survey feedback instruments are part of the OD approach They are diagnostic tools used in selected areas. Their use, in the form of questionnaires on, for example, problem solving styles, interpersonal skills, or decision making methods, could support the changes in decision making that GTC was experiencing GTC managers could use this feedback on their own behaviour and attitudes to determine how to change their behaviours in light of the company's increasingly formalized and structured decision making processes

Feedback instruments could be even more helpful in the task of maintaining the organization culture, a dimension that was deemed important but somewhat elusive They could be used effectively to measure key aspects of the corporate culture (e g . values regarding hard work, pride, aggressiveness) and serve as a barometer of when and where changes might be occurring. Other interventions could be planned accordingly

Coaching and Counselling

Coaching and counselling provides one-on-one assistance to change attitudes, actions, and habits. Outside consultants (educational technologists or others) typically provide this assistance. It would be most useful in learning to delegate and in learning the new roles of public relations and shareholder relations. The use of company executives to provide this same type of assistance to more junior managers is described below under Mentoring

Modify Consequences (rewards and reward systems)

An important contribution to the performance management perspective in educational technology has been the recognition that deficient job performance must be analyzed by looking at the consequences of job performance. This takes place in the analysis of individual jobs, a level of detail beyond what the needs assessment of this study examined.

This study did, however, uncover how shares became a new and important factor in the performance reward equation At the corporate level, the use of shares for acquisitions was, for GTC, an unanticipated incentive that spurred unprecedented acquisitions in the first years after the IPO. Similarly, the impact of quarterly statements and shareholder evaluations of the company and its stock price had an unanticipated (and sometimes unrecognized) impact on decision making (it became more short term and acquisitions became more appealing than the internal development of new ventures) GTC offered share purchase plans to all employees and stock option plans to managers. There was evidence that both of these programs enhanced motivation and they were deemed successful. These changes in the incentives that drove individual and company behaviour were a. unanticipated and not, therefore, planned for. The top management strategic planning group described above would have been an effective mechanism for anticipating these changes, especially if they had input from outsiders more familiar with the IPO process and what to expect. They could then have planned coordinated, proactive responses to both ease the transition and increase its success They could, for example, have used these reward systems more successfully if these rewards were also tied to some measures of behaviour and systems changes rather than simply sales and profits. Examples of relevant behaviours worth rewarding could include: Establishing new decision making procedures to support decentralization (e.g., a system of reports, recommendations, and management reviews); demonstrations of the support and enhancement of corporate values (e.g., recognition of entrepreneurial initiatives at any level); the introduction of new programs in support of corporate development (e g., for the induction of new employees); or measured improvement in attitudes, knowledge or behaviours in critical corporate change areas (e.g., results on meeting management or leadership style feedback questionnaires that showed increasing abilities in more participative group process and decision making)

The positive results that GTC experienced with the use of shares as a reward were not guaranteed. Salomon (1977) found that this practice could backfire by increasing the preoccupation with share value (rather than company performance) and by creating dysfunctional competition among managers and executives GTC also was fortunate in having experienced only one serious drop in its share price. (This was in 1987, about six months before the 1988 interviews were conducted.) There was no evident negative reaction on the part of the employee-shareholders, but a continuing drop in the price of the company's shares might well have reversed the motivational consequences of using shares as a reward

Role Analysis

Certain roles changed as new functions were added (public relations, shareholder relations, Board of Directors) and as management styles and decision making changed The result was a change in behaviour through all management levels of the organization (For example, plant managers had to make decisions previously made at higher levels when these higher levels were simply unavailable. This was described earlier as "delegation by default".) Advance knowledge of expected changes allows for effective planning to both minimize dysfunctional consequences and maximize the benefits of learning *on time* how to meet changing requirements. Role analysis is an OD technique for clarifying role expectations of team members. In the GTC situation, new roles were emerging and old roles had to shift to make room for these new responsibilities. Role analysis meetings, directed at least initially by an experienced outsider, would therefore be useful to both anticipate and clarify these role changes

Changed Control and Accounting Systems

Control and accounting systems underwent changes in the GTC IPO transition. Budgeting became more involved, quarterly statements were required and there were other new information requirements that the new public company had to meet. Major expenditures were necessary in 1988 to integrate the various computer data systems into a single compatible management information system These changes were not anticipated by GTC management (The initial interviews with new public companies and the lack of literature on these transition issues suggest strongly that few companies anticipate these changes) In general, knowledge of upcoming changes and plans that anticipate these changes will lead to more effective responses The integration of the varied computer data systems is the most dramatic specific example of the cost of unplanned responses GTC faced an expenditure of over $1 million in 1988 to regulate this problem Proactive management could have integrated the data systems of newly acquired companies from the time of their acquisition (and, in fact, this aspect could have formed part of the negotiation process to either reduce the price or to require the vendors to take responsibility for the changeover). This would have also reduced the inadequacies and excessive costs of maintaining separate systems, not to mention the costs (and headaches) of putting together consolidated reports without one central computer. The responsibility for anticipating these system changes would fall to the strategic planning group, probably with the assistance of an outsider more knowledgeable about IPO transition issues.

Job Design

Job engineering covers work methods, work layout, time and motion studies, process design and other technical aspects of performing tasks. Job design goes further by including some of the human aspects of job performance. Job enrichment, job enlargement, and job rotation are three techniques that can enhance motivation and performance.

Anticipating the new roles required of GTC as a public company (public relations, stockholder relations, and Board of Directors) and the changed roles of existing jobs (e.g., "delegation by default") would have provided for a better managed transition. An organization redesign based on systems flows (Rummler, 1986) would further enhance the understanding of necessary work changes so that people and jobs could be that much better prepared for changes as they arise.

Management Team Building

The fast rate of acquisitions after the IPO required the integration of new companies and their managers into the GTC "family". R. Marcoux did an effective job of selecting acquisition candidates that shared values similar to those of GTC, but there was still a need to work with these companies to fully integrate them into GTC's ways of doing things. Specific team building efforts would facilitate this integration. These would take the form of group meetings with new and established managers who would be working together regularly. These meetings would be animated by an OD person or an educational technologist with some training in this process. Problem solving and conflict resolution methods might also be used to work through important differences. An additional benefit of these interventions would be to free R. Marcoux from some of his ongoing involvement with the newly acquired firms.

Mentoring

Mentoring can be considered as one form of on-the-job training. A mentoring relationship takes time to develop, but some companies have established programs to encourage this process (Carroll, Olian, and Giannantonio, 1987). In fact, the organization design could facilitate mentoring relationships, while the mentoring experience provides invaluable knowledge about specific job tasks and company values, as well as building confidence and encouraging career development. The GTC IPO transition could have benefited enormously from such a program because their growth was unusually rapid, the IPO transition brought with it many unanticipated changes, and the key executives were becoming concerned that they might not be able to maintain some important aspects of their corporate culture.

The results of this study showed how R. Marcoux was instrumental in both recruiting and integrating many of their new managers. (He did this largely through his acquisition activity.) A mentoring program could spread this process to other key executives, with the result that more new managers could be effectively integrated, the corporate culture would become more entrenched, and R. Marcoux would not have to carry all the weight for this task

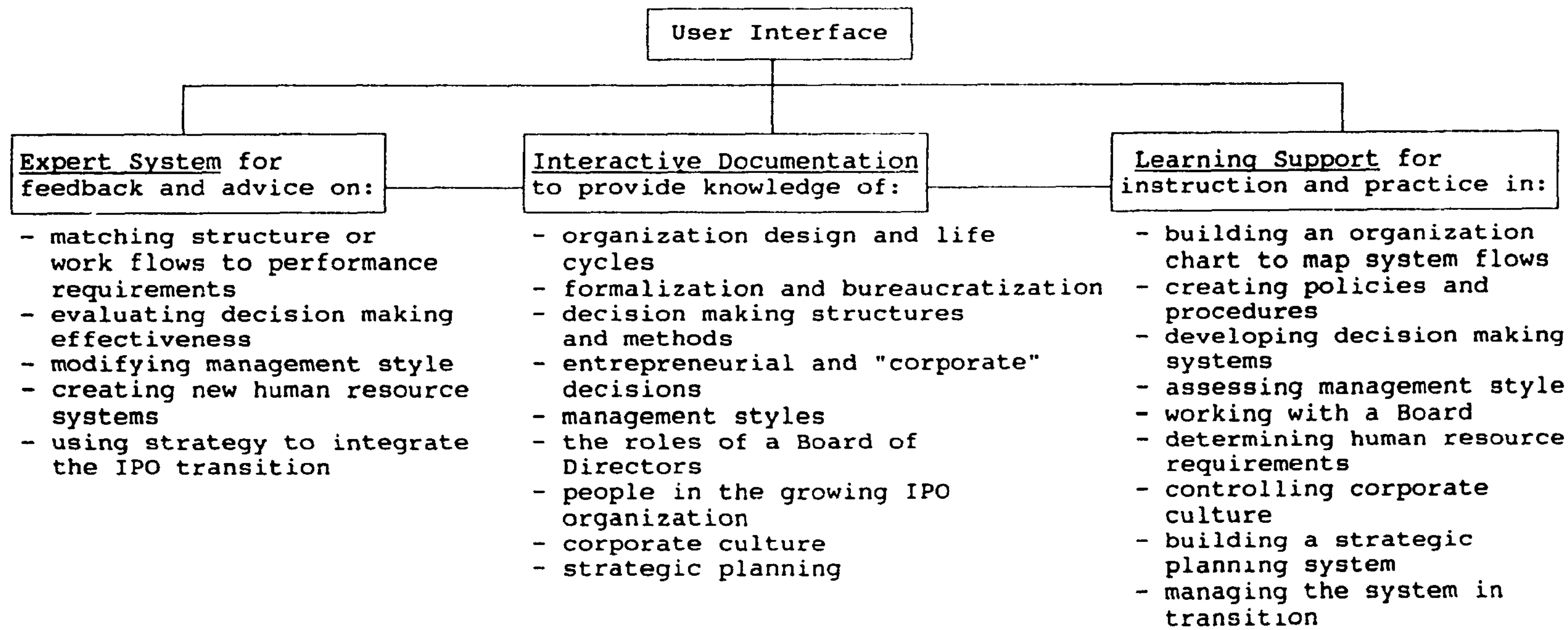
Performance Support Systems - An Integrative Tool

Performance support systems are "products that provide direct support of job performance by supplying immediate on-the-job access to integrated information, learning opportunities and expert consultation" (Puterbaugh, Rosenberg, and Sofman, 1989, p. 2). These three major components of a performance support tool (interactive documentation, learning support, and expert systems) interact so that users can move freely between components at any time.

A performance support tool could help all IPO companies adjust more rapidly and effectively to the transition issues they face. Figure 22: IPO Performance Support Tool shows the elements that could be included in each of the three components. (This is based on this researcher's application of the study results to the model presented by Puterbaugh et al.)

Figure 22

IPO Performance Support Tool*



* adapted from Puterbaugh, Rosenberg, and Sofman, 1989.

The interactive documentation component would provide information necessary to understand the key elements of organization design theory and the specific nature of key change areas in this transition Users could move through this data base in any order and to any depth desired. This can serve both to familiarize users with the process and its key elements and to provide a ready reference while using the learning support or expert system components.

The learning support component would provide specific tutorials in nine different areas that the ITM and the data from this study identify as important IPO transitions. Each tutorial would be action oriented, with clear learning objectives to provide users a blueprint for action in their own situation The expert system would provide coaching and diagnosis on these blueprints so that they are suitably adapted to different companies' individual IPO situation and to the evolving transition process.

This IPO performance support tool would be most useful initially for owner/managers in the process of deciding whether or not to proceed with an IPO. It would provide them with comprehensive knowledge and a dynamic insight into the main transition challenges they might face. Those that proceed with the IPO could then use this IPO performance support tool to understand the coming changes and to plan for them. It would be an excellent adjunct to a top management strategic planning group and would support or possibly replace some of their individual coaching and counselling. It's usefulness could then be extended to company management as the IPO transition begins to unfold. It could thus become a powerful tool for not only informing and teaching many of the key actors in this process but also for maintaining a consistency of understanding and focus throughout the organization.

Conclusion

This research study set out to complete a needs assessment for a predictable organization transition. The needs assessment went beyond what was available in the needs assessment literature, while the organization transition chosen, the IPO, is one not previously studied. The nature of the contributions in these two areas has already been discussed. (The actual process of developing and implementing an original methodology, as well as some of the trials and tribulations of using qualitative research approaches in a setting where there was a minimum of experience with these methods, is discussed in Appendix C: Reflections on Developing and Using an Original Methodology.) The limitations of these contributions must also be considered.

This study suffered from several weaknesses. A single case study such as this one can provide a richness of data not available when more "subjects" are used, but it is difficult to sustain strong generalizations. A single case verification of the PIM (or the resulting ITM) is not sufficient to establish the validity of this model, however suggestive and believable it may be. The case study company, GTC, was the only company that it was possible to study in a population of some 25 eligible companies. It is atypical in at least this respect.

It can be argued that the approach used in this study, starting with a model derived from existing literature and then testing it in a real life situation, is a self fulfilling process. The results may simply be an artifact of the method. This possibility was a concern to the researcher from the outset, and it warrants being identified as a possible weakness There are, however, several factors that support the approach taken. These factors include feasibility, data integrity, and triangulation. Each of these factors will be discussed in turn

1. Feasibility. Both the research method and the research context were largely uncharted areas. It was clearly an exploratory study. The methodology could have been either highly structured, using a survey questionnaire with a large sample of subjects, or it could have been entirely unstructured, using a more pure ethnographic approach, starting with a tabula rosa and letting "truth" present itself without interference from preconceived notions. These two positions can be seen as opposite ends of a continuum, as is shown in Figure 23: A Continuum of Research Methodologies.

Figure 23

<u>A Continuum of Research Methodologies</u>

. Ethnographic	______________________	. Structured questionnaire
. Tabula rosa		. Large sample

Both of these extremes on the continuum of research methodologies were rejected. The survey questionnaire approach was deemed unsuitable when initial interviews with the CEO's of companies that had recently gone public showed that it would not uncover some important aspects of the IPO transition. The most striking example of this was in the area of the possible influence of the stock price on decision making. These CEO's denied any influence, yet readily admitted later in the same interview that they were checking their stock price as often as several times per day! This was a clear indication that the method would have to be able to probe more deeply than is possible with a highly structured questionnaire.

The second extreme on this continuum of research methodologies, the pure ethnographic approach of entering without preconceived notions, was also rejected as infeasible because it was felt that entry to suitable research sites would be denied. The company's CEO was the chief gatekeeper, and these are typically very busy men with a highly structured approach to their organizations and their work. One person suggested that without a clear focus for the research and some preset questions to guide the data gathering process, the first CEO interview would probably have ended in less than 15 minutes. It was decided that the research approach of a Margaret Mead or other similar researcher would not work in the research context chosen.

Thus, for reasons of feasibility, both extremes on the continuum of research methodologies were rejected and a middle ground was chosen.

2. Data integrity. The experience of actually conducting this research confirmed, at least to the principal researcher, that the data would not mislead and leave serious gaps, even if questions and data searches focused on predefined issues. The results of this study are based on a confluence of statements by different actors in the situation. Their roles and responsibilities in the company were varied, giving them different perspectives of the IPO experience, and the interviews took place in two different years. The results are also based on non-interview data collected from both company and external sources. Finally, the PIM itself was based on the existing literature on the IPO event, and this literature is made up of the experiences of many companies, their CEO's, and their advisors. The integrity of all this data was too strong to readily support the criticism that the results do not reflect the reality of the IPO experience studied. Furthermore, the discovery of the organization culture as an unforeseen transition issue indicates that the process itself was sufficiently inductive to uncover this factor.

   The integrity of the data is largely self-evident in the presentation of the results, but the method was also deliberately explicit and transparent. This allows any other person to follow all the steps taken in collecting and analyzing the data so that they can independently verify this claim of data integrity. (This important aspect to the credibility and confirmability of the study is described in more detail in Appendix C: Reflections on Developing and Using an Original Methodology.)

3. Triangulation. Triangulation contributes to validity, and that is essentially what the self fulfilling argument is about. The Method chapter described how what Denzin (1970) refers to as data triangulation (the use of various sources of

data), methodological triangulation (the use of various data collection methods), and investigator triangulation (using more than one interviewer and more than one person to verify the data coding) were used in this study. Some of these methods are also described in the previous section on data integrity.

Probably the strongest triangulation possible is when other researchers independently study the same phenomenon using different methods and reach very similar conclusions. Desroches, Jog, and Taylor (1991) provide exactly this type of triangulation. They sent questionnaires to CEO's, managers, and employees of all 97 companies that went public in Quebec between 1979 and 1986. They discovered internal changes in the following areas: Changes in organization structure and decision making (increased formalization, increased specialization, increased use of analytical techniques in decision making, and increased decentralization); changes in labour relations (there is an increase in internal communications, employees know more about their companies, and they have more pride in them); changes in the organization's status and external relations (the company is better known and has more credibility, they devote substantially more time to external communications, and this, in turn, leads them to consider more factors in their decision making); and changes in their personal satisfaction (they are more satisfied with what they do and with their relationships with others in the firm). These results are substantially the same as the results from this study. It is very unlikely that both sets of results are an artifact of their respective methods!

The long time frame from the start to the finish of this study is both a strength and a weakness of this study. The use of data from two different times (1986 and 1988) provides a longitudinal dimension to the data. The use of a different interviewer in each of these years provides a measure of triangulation that increases confidence in the data. However, the long period of analysis and writing have made the results less timely and beneficial than they might otherwise have been. The results are, therefore, less useful to the case study company as it has evolved further and further from the situation described in this study. The results are also less useful to the population of new public companies since the IPO window that was wide open in 1988 has since closed considerably. There are far fewer new public companies in Québec, Canada and the U.S. in 1991 than there were in the 1980's: G. d'Amboise reported that "the QSSP program attracted far fewer investors in 1987" (1991, p.141); The Montréal Gazette reported that there were far fewer new issues on the Toronto Stock Exchange (TSE) in 1991 than there had been since 1982 (Fewest list on TSE since '82, p.D9); and Hofmeister reported in Venture magazine that "in the months following the [October, 1987] crash, IPO activity virtually halted" (September, 1988, p.23). Eight months later, Venture magazine reported that IPO activity had fallen to under 300 issues in 1988, from a peak of over 700 new issues in 1986 (IPO update, p.54). This activity level, like that of the TSE, was the lowest it had been since 1982.

This research, as in any dissertation study, was undertaken by a single researcher (albeit with a second interviewer who collected similar data in 1986). Considerable effort was made to be completely explicit and "transparent" in the methods used, the data gathered, and the analysis that was undertaken. Another researcher could, therefore, retrace the steps of this study to verify how conclusions were reached (see Appendix C: Reflections on Developing and Using an Original Methodology for more information on this). This does enhance the study's reliability, but it cannot change the fact that there was only one person performing the analysis and interpretation of the data.

This study must be considered an exploratory one. It does, however, provide some guidance for future research. A similar study would certainly be worth repeating in another

IPO situation to see if similar results would be obtained. This would help to validate the ITM as a framework for understanding the IPO transition. The needs assessment method developed in this study could be used to understand other predictable organization transitions. This would help to validate both this needs assessment method and the existence of other life cycle stages. Finally, the method could be applied in other organization-wide, problem-seeking situations that might not be part of a predictable organization life cycle. Such studies would provide important validation for these methods of performing a problem-seeking needs assessment. The net result will then be an extension in the use of educational technology principles and tools into new areas of planned system wide transitions.

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APPENDIX A

Interview Questions List

Research on Company Transitions
Structured Interview Questions List - New Public Companies
R. Dainow, August 24, 1986

Topic/Question	Person(s)	Other sources/comments
A. SEPARATION OF OWNERSHIP AND MANAGEMENT		
1. Clean-up books, records, agreements.		
- How have record-keeping/book-keeping systems changed? - Have there been any changes in shareholders loan/share structure/who is on the payroll (eg., family)/loans from the company/company car or other expenses/etc.	A, CEO	R-books, MSE See also 11 & 12
2. Partners become managers		
- How did owner/manager's job change as he became CEO? - How was time spent before IPO and after IPO? - Is more time spent giving speeches, in PR activities, in public presentation, in contact with the press, in contact with stockbrokers or analysts, etc. - Has the number of meetings changed? Are they more formal? Is the number in attendance different? Are planning times longer? Is an agenda issued? Are minutes kept? etc. - Are there more managers? Has there been increased delegation? Are there new management functions? (eg., real estate becomes big enough to warrant its own job; new staff departments like personnel).	CEO,H,EM	R-diaries, press releases, memo files, org. charts
3. Ownership valued and traded: staff loyalty	CEO,EM,E	Co. induction plan
- Is there an employee stock ownership plan? What is the participation rate? What is the impact on employees' motivation, loyalty, productivity?		
4. Ownership valued and traded: recruiting		
- Do managers or executives have stock option plans? Have these been useful in recruiting new employees? How have they been used?	CEO,EM, New exec.	
5. Ownership valued and traded: influence on behavior		
6. Ownership valued and traded: short-term perspective		
- How often did you/do you check the stock price? - What happens if (when) stock price changes dramatically? - What was the biggest daily change? When? How did you feel? How did others feel? What did people say? What was the level of concern? How did it show in their behavior? On that day, would you say they were more or less productive than normal? - What is the impact of quarterly reporting? What happens when reporting bad results? good results? any example of	CEO,EM, S,E,H	R-MSE; reports on specific decisions

Topic/Question	Person(s)	Other sources/comments
decisions made knowing it would affect short-term results and, hence, stock price? - Are there any ways in which the stock price can affect decisions (e.g., acquisitions)? Since any company moves are open to public scrutiny, do you think decisions are any more cautious now? If yes, describe. - What are/were the company's goals (short and long)? any written? Can I see copies?		
7. Ownership valued and traded: customers and suppliers - Any customers or suppliers as shareholders? Is that good or bad? - Any new customers because the company is public? Is it any easier to make some sales (eg., U.S.)? Does public status increase credibility? Is the availability of information about the company a sales asset?	CS,CEO,EMH	
8. Ownership valued and traded: PR and disclosure - Have you had any information "leaks"? - How do you control the information flow to the public - both to prevent insider leaks and to disclose what you must? Did you have to develop a policy whereby only 1 or a few persons would provide information to the public? Who is responsible? How was this different before IPO? - When was someone hired or assigned to handle the P.R. liason function? - How important is it to have the public read about your company? What is the impact of a positive article? a negative article? How important has the P.R. function become? - What do you do to get publicity? Who is responsible' How was this different before IPO? - What is the role of the underwriter/broker in stock trading activity? What do you do to ensure broker awareness?	CEO,EM,S	
9. Ownership valued and traded: acquisitions - Have you made acquisitions? Are you planning to? - Have you used stock to make acquisitions? Does this make you more able to/interested in acquisitions?	CEO,CFO,AB	
10. Ownership valued and traded: takeovers - Has anyone tried to take over your company by buying stock? - What is the impact of no one person in majority control (if true)? - Is being easier to value and sell an advantage for you? (CEO); for the company? - Have you considered selling out? the possibility of an unfriendly takeover? a friendly merger?	CEO,EM,B	

Topic/Question	Person(s)	Other sources/comments
B. PUBLIC ACCOUNTABILITY AND INFORMATION DISCLOSURE		
11. New auditing functions	A,CFO,CEO B	R- minutes & agendas, budgets, reports
- When did the company start auditing its books? - Did the auditors change at the IPO? Did audit frequency/methods/cost change? - What adjustment was required to these changes? How long did it take? What was the impact? - Any new control systems or methods of control? (eg., linking computer to cash register and bank to facilitate and speed up cash control checks) - What changes did you make in record keeping, recording and information systems of a result of IPO? - How important was it to improve information systems (eg., computers) and communications? - As a public company do you have to monitor capital and operating budgets more closely? Are they more frequent? more complete? more important as a management tool? - Did you have to institute any new accounting systems to control expenditures? - How many internal and external reports were generated before/during/after IPO? (eg., budgets, annual and quarterly reports, information circulars, etc.).		
12. New information systems		
- Are there any new reports or information systems in place now? - Do reports come out more frequently? circulate to more people? - How is the information from these reports used in meetings and decisions? - What types of records were updated or changed? (see R.P. 47: Annual and Quarterly reports, articles of incorporation, stock records, internal loans, employee agreements, capital dividend account, Board of Directors, personal items, hiring new employees, etc.)	CEO,H,EM	R-documents on file; reports on specific decisions
13. Restructuring Board of Directors		
- Who was on Board before IPO? after? - How often did/does Board meet? - How were/are meetings called? Where are they held? How long are they? What kinds of issues are considered? - What is/was the role of the Board? any examples of the Board disagreeing with the President? Describe this. - Describe some decisions that involved the Board (see also 5).	CEO,B	R-agendas, minutes O-meeting

Topic/Question	Person(s)	Other sources/comments
14. Legal constraints on decisions		
- Describe some different types of decisions both before and after becoming public (routine, major, capital decisions, strategic, etc.)	CEO,EM,B	
- Any situations where disclosure or other rules of being a public company have restricted decisions? Please describe.		
15. Formal written plans		
- What was it like to write the first annual report/ president's report? What plans were written down before? now?	CEO,EM,S, H,B	R-ann. reports, diaries, policy manuals, reports
- To what extent has written documentation changed? (eg., job descriptions, policy manuals, plans, budgets, memos).		
- Has there been a change in the volume of internal mail? How can this be measured?		
- To what extent are jobs described in written job descriptions? Can I see copies? (see R.P. 67).		
- How many internal and external reports were generated, then and now?		
- How many future plans/scenarios get written down? Can I see any? What was/is the time perspective of these plans?		
- Were any new planning functions added? (eg., corporate planner, finance department with increased budgeting, etc.)		
- What is the impact of increased formalization in the company.		
16. Information available to competitors		
- Do competitors collect new information about your company? Can it help them? Does it?	CEO,EM,CS	R-MSE
- Do you collect information on any of your competitors who are public? How; what sources do you use?		
- As a public company, will competitors know about bad/good times sooner than before?		
- Any competitors as shareholders? Are you a shareholder in any of your competitors?		
17. Information available to suppliers and customers	CEO,EM,CS	R-MSE
- Any suppliers/customers as shareholders? Do they collect /want the new information that is available about the company?		
- Does being public enhance credibility, eg. with suppliers (service) or customers (new, bigger, or easier to sell to)?		

Topic/Question	Person(s)	Other sources/comments
C. SEE NEW SOURCES OF FUNDS		
18. Funds for internal expansion	CEO,CFO,A S,B	R-Prospectus, ann. reports, budgets
- What was the IPO used for? Was this as planned? - Did the IPO improve the debt/equity ratio? - Did the IPO increase the debt you were able to carry? (Why not?)		
- Have there been any additional public offerings?		R-MSE
- In tracing the growth of the company since it became public, how much of the growth is because of the dollars that resulted from the IPO (directly and indirectly)? How much of the growth has been internal? external?		
19. Acquisition possibilities		
- see question 9 above		
20. Changed asset utilization, etc.	CEO,H,EM, B, IPO	
- In reviewing the organization chart before and since the IPO, why have some of these changes taken place? - Has public financing allowed the company to acquire more assets? Has the asset turnover ratio changed? - As the company has grown as a public company, has it become more decentralised? Has there been an increase in staff functions? (eg., P.R., personnel, computers) - Now that the company has been public for some time, are there any different attitudes amongst the staff at various levels? - Preparing a company for a public offering involves a lot of time and energy, but it can also have a psychological impact. Were any steps taken to prepare the people in the company, mentally and emotionally, for this transition?		

- How has the CEO style changed since IPO? (see R.P. 108 -129).
  - How would you characterize yourself then and now?
  - How much did you plan for the effects of being public on future operations?
  - Did you reassess the company in terms of efficiency and personnel?
  - How have the tasks you do changed?
  - Now that the company is public, has that changed your own orientation in the company and outside?
  - Would you say that the IPO was far more difficult than anticipated? Why or why not?
  - Your company has a certain atmosphere or culture. How has this changed as a result of the IPO?
  - Given the time spent in preparing to go public, how did you take care of the rest of your work?
	CEO,H,B EM,E	

Topic/Question	Person(s)	Other sources/comments
- How do you feel the public offering worked out? - Did the public offering highlight any need for change? Did it bring about any change faster? - How have you dealt with the fact that your mistakes, if any, are exposed to the public, whereas they would have been hidden before? Can you give any examples? - If you had the choice again, would you take your company public? Why or why not? - Have you ever considered going back to a private company? - Are you more willing to delegate responsibilities than before? Why or why not? - What problems/issues/benefits do you see now as a public company that you did not see before? - What advice would you give to another company like yours that was considering going public? - How have you dealt with the increased workload in the company and the ensuing need for new staff and new functions?		

Topic/Question	Person(s)	Other sources/comments
D: OTHER ISSUES		
1. Decision making		
- How long did it take to make a major decision prior to going public/now? Any examples? - How many people were involved in major decisions before/after going public? - How did the dilution of ownership affect company decision making? - How did you make long term decisions prior to going public? since then? What was the role of the Board of Directors in these decisions - then and now? Any example of the Board vetoeing a decision?	CEO, EM, B, H	R-meeting agendas, minutes; memos
2. Control by owner-manager/CEO		
- Who has/had cheque signing authority? Who does/did sign most cheques? - How involved is/was the CEO in making decisions about - programs/new products/capital expenditures/staff problems/changes in company plans/others? - Are many decisions made in management meetings? How are these decisions made? Please describe. - Can you give any examples of where the CEO made a uni lateral decision when he knew that some other managers disagreed? - What do you do when you disagree with the CEO's view? Describe an example.	H, EM, CEO	
3. The IPO Story		
- When did you first decide to go public? - When did you become a public company? - How much money was raised through the IPO? - How long have you been a public company? - How has the number of shares outstanding changed? Have there been subsequent share offers? - How has the percentage of ownership changed? - Why did you/the company chose to go public? (Growth capital, visability, state planning, increase equity, reduce debt, attract or retain employees, prestige, personal wealth, other.) - What did you think were/are the disadvantages of going public? Before IPO? In the first year after IPO? Now? (Revealing priviledged information, dilution, short-term orientation, pressure to maintain growth, cost, time, other.) - How many people were involved in the IPO process? Who were they? How did you select them? Evaluate each. Is there any current contact with these persons? - Did you receive the SDI grant to help in preparing to go public?	CEO, CFO, H, IPO	

	Topic/Question	Person(s)	Other sources/comments
	- Who influenced the decision to go public? (Underwriter, accountant, lawyer, other management, friend, other.)		
	- How did you/the company decide to go public? (Ideas needing cash, or cash availability)		
	- How did you choose your underwriter? (Reputation, distribution capability, research, experience, referral, prior contact, other.)		
	- How important was the QSSP in deciding to go public?		
	- Would you have considered going public if there was no QSSP?		
	- Are your competitors generally publicly held companies? Did this make a difference when you considered going public initially?		
	- How long did it take to meet all the necessary require ments for going public?		
	- Roughly what did it cost to carry out the IPO?		
	- Did the underwriter do all they could for your company during the IPO?		
	- What is the underwriter's current relationship to the company?		
	- Looking back, were there any unanticipated benefits derived from becoming a public company?		
	- What benefits did you anticipate? Were your expectations met?		
4.	Notes on initial company research (to precede interviews, as possible)	N/A	
	- MSE public dossiers and statistics department.		MSE, Co. files, libraries, trade asso-ciations
	- Organization charts over the company's history (especially current; also C.V.'s of key management).		
	- Company or library sources for history of key events and performance (sales, profits, number of employees, locations, assets, competitors, technological impact, earnings per share, number of shares traded, number of shares outstanding, number of products, acquisitions, change in management structure/organization chart, etc.).		
	- Check annual reports, policy manuals, memos, corres pondence, P.R. files, etc.		
	- Key people to interview here would be long-time employ ees, ex-managers/founders, long-time board members or advisors.		review induction procedures

Topic/Question	Person(s)	Other sources/comments

Legend

A = Accountant, auditor
B = Board member
CEO = Chief executive officer
CFO = Chief financial officer
CS = Customer and/or supplier
E = Employee (worker or supervisor level)
EM = Executive management
F = Founder(s)
H = History sources, viz., secretary to CEO, long-time employee
I = IPO team

O = Observations (meetings, "shadow")
R = Records, archives (from company, MSE, library or other)

APPENDIX B

Coder's Package

- the PIM
- Code Definitions
- Coding Rules*
- Code List*
- GTC Organigramme
- GTC Performance Summary

* these were the only documents provided in the first inter-rater trial

The Preliminary IPO Model (PIM)

Companies go public for an assortment of reasons (Persiko, 1986). The cost of and incentives for going public change as a result of market and other conditions. Thus, some years are good ones for IPO's, while other periods are not as encouraging. Companies do not always go public at the same point in their evolution. The life cycle theory suggests that companies that go public are in the same high growth period in their life cycle, but some IPO companies may be in the early part of this period while others are in a later part. Thus, in assessing the amount of change a company may have to go through as a result of going public, consideration has to be given to where the company is at that point in time in relation to the issues that it may face as it becomes a public company. In other words, if companies that go public go through a similar transition, the actual point in time of the IPO can be viewed as the mean of a distribution. Some companies begin the transitions well before the IPO event, while some only begin to adjust to the transitions after the IPO has taken place. Thus, we can expect that most IPO's will face similar issues in the periods surrounding the actual IPO date (e.g., 2 years before to 5 years after). Some of these changes will reflect the broad life cycle transitions, while some will reflect more specific reactions to the going public process.

In considering these reactions to the IPO process we can start with three undeniable facts about going public that all IPO's face. First, they have a new source of funds from the equity raised. Second, they are now publicly accountable for their actions and have to comply with the securities regulations designed to protect their public shareholders. Third, there is now a definite separation of ownership from management, at least to some extent. In its simplest terms, the new public company has more money from a new group of outside shareholders, and in exchange for this equity it must conform to the laws protecting these outside shareholders. These three facts about the IPO may have an important impact on several aspects of the company's behaviour.

1) *The separation of ownership from management* means that ownership can be valued and traded readily and that owner/managers may have to adjust their role or their management style in order to become more professional. In addition, there may be a need to clean up the company's records to ensure that the original shareholders or their families do not have special privileges, benefits, or agreements. The impact of valuation and trading of shares is potentially multi-faceted:

- new possibilities for growth through acquisition by using shares as part of the purchase price.
- new possibilities for mergers or sale of the company.
- an eventual possibility of hostile takeover bids.
- movements in stock price may influence company behaviour (e.g., a shorter term orientation in decision making).
- a distraction for employees (who may also be shareholders) in the initial period or when there are major changes in the stock price.
- shares can be used as a reward to existing staff, an inducement for staff loyalty, or as an enticement for recruiting new executives.
- new public relations activities may be undertaken to comply with disclosure restrictions or to encourage active trading of the shares.

2) *The facts about public accountability* and disclosure of information suggest that IPO firms may have to take on new auditing functions and may have to adjust information systems within the company to generate the required reports. The annual report may represent the first time that the organization writes down any formal plans (Mintzberg, 1982 - Steinberg's). The Board of Directors may have to be restructured to satisfy the requirement for outsider representation. The rules about fair disclosure of information to all shareholders require new policies and practices regarding sharing of information with friends, associates, investors,

analysts, or journalists. Disclosure of decisions must be managed in a different way. The impact of all these factors suggests that decision making style and processes may alter as a company learns to behave within the legal requirements of a public company. In addition, the public disclosure of information about the company's plans and performance is available to competitors, which may alter management's strategic perspective. On the other hand, this same information is available to customers and suppliers, and the fact that the company is now public may enhance the company's credibility in dealing with these persons. Thus, further growth of the company may be encouraged.

3) *The new sources of funds* that come with the sale of shares are among the most important and evident consequences of the IPO process. The company acquires not only the funds that investors and underwriters put forth in exchange for company shares, but it also acquires increased borrowing capacity as a result of the improvement in its debt-to-equity ratio. Furthermore, the company can use shares in place of cash for some acquisition purposes and it can also return to the public market for subsequent share offerings. Thus, financing strategies and decision making may change in response to these new alternatives. The ways in which these financing options are used can support internal growth or acquisition to maintain or enhance the company's growth pattern. In addition, the increased financing may mean that spending can be less tightly controlled and patterns of asset utilization may change (Trostel, 1980). This increased organizational slack may also allow for more experimentation in delegating responsibility or creating new staff functions, thus leading to changes in the organization's structure.

Considered together, the three facts about the reality of becoming a public company have an impact on many aspects of the organization's behaviour, ultimately resulting in the following five types of changes in the organization:

1) Changes in the organization's structure as a result of new roles and functions for management and executives, the increased organizational slack, and the

ongoing pressures of a growing organization.

2) Changes in decision making as a result of the disclosure requirements, the influence of the stock price, the restructuring of the Board of Directors, the formal public statement of plans through annual reports, and the new information systems that may provide new opportunities for reporting or control systems.

3) Management style may change as owner/managers become CEO's and executives of a larger organization with new functions, more formal decision making, and a more elaborated organization structure.

4) There may be increased growth potential both internally and in the marketplace. Internal (organizational) changes might result from the introduction of employee stock option plans as a reward for existing staff and as an inducement to recruiting new executive staff, from the reactions of employee-shareholders to increases or decreases in the price of the stock, and from the changes in the management style and the organization's structure. Increased growth potential in the marketplace can result from the new funds available as well as from the enhanced credibility of the company in negotiating with suppliers and customers (especially if they are also shareholders).

5) Strategic thinking may change as a result of the need to write down and publish future plans, the availability of information to competitors, the ongoing growth of the company in both new and established markets, and, eventually, the possibilities for mergers or hostile acquisition attempts.

The Figure: Preliminary IPO Model (PIM) summarizes the impact of the "three facts" about the IPO process and how they may lead to these five types of changes.

Figure: <u>Preliminary IPO Model (PIM)</u>

The facts about going public	The possible impact on the organization	The resulting changes
1. Separation of ownership from management	→ clean up books, records, agreements → partners become managers (new role definition) → ownership can be valued and traded → staff reward - loyalty of existing staff - recruiting of new (executive) staff → influence of stock prices on behaviour - disruption of work - short-term perspective → customers & suppliers as shareholders (increased loyalty) → new p.r. functions - disclosure restrictions - to encourage trading → acquisition possibilities (using shares vs. cash) → takeover possibilities (hostile, merger, sell out)	→ change in mgmt style → change in org structure → growth potential (org) → growth potential (org) → growth potential (org.) → changed decision making → growth potential (org) → change in org structure → change in org structure → growth potential (mkt) → new dimension to strategic thinking
2. Public accountability and disclosure of info. (regulatory requirements)	→ new auditing functions, new auditors → new info. systems → new reporting or control possibilities → restructuring of Board of Directors → legal constraints on decisions (e g. disclosure) → formal written plans (e.g annual report) → info available to competitors → info available o suppliers, customers	→ changed decision making → changed decision making → changed decision making → changed decision making → changed decision making → changed mgt. style → new dimension to strategic thinking → new dimension to strategic thinking → growth potential (mkt)
3. New sources of funds (new equity plus new borrowing possibilities)	→ funds for internal expansion → acquisition possibilities (cash or shares) → changed asset utilization, increased organization slack, possibilities for decentralization, delegation, new staff functions	→ growth potential (mkt) → growth potential (mkt) → changed org structure → growth potential (org)

CODE DEFINITIONS

STRAT Strategy: plans, objectives, vision for the company. Includes the methods and plans towards achieving objectives (e.g., budgeting). Also includes the way in which they approach their customers, suppliers, competitors, and/or investors or other stakeholders.

Mention of production or sales targets, financial goals, planning systems or processes, tactics for achieving desired results, or descriptions of past or possible future scenarios all point to a STRAT code.

DEC'N MKG Decision Making. Anything clearly related to the process of deciding what to do. Includes any information about how decisions are made, how they are delegated, who is involved, how long they take, and how decisions may have changed as a result of becoming public.

GRWTH Growth descriptions of how the company has grown, is growing, and will grow. Includes discussions of growth through natural evolution, through the start-up or acquisition of other businesses, merger or other means. Can also include the immediate results of growth strategies and activities (e.g., the problems of integrating acquired companies into a unified corporate framework).

MKTS Markets: The company in relation to its various markets. Includes orientation and attitude to competitors and suppliers as well as customers. May refer to current, past, or future situations; the maintenance and change in the make-up, size, or quality of these groups.

MGT STYLE Management Style, covering those activities, attitudes, or decisions that characterize the key executives, owners, and managers. Of special interest are any changes in management style, particularly if they may be related to the IPO (e.g., increased delegation) or changes in roles and responsibilities as the company has both become more publicly visible (and scrutinized) and, often, larger.

CULT Corporate Culture, or management philosophy, as reflected in the distinctive attitudes, values, beliefs and common practises of people in the company. Often similar to MGT STYLE or DEC'N MKG, CULT may also "overlap" with ORG STRUCT or STRAT. Culture may be expressed through attitudes to people (both inside and outside the company), approaches to situations (both opportunities and threats), work behaviours (both hours worked and open or closed door office practises), communication patterns (use of memos and reports versus direct, verbal contact), etc.

FIN Finance/Money: Specific financial information or reference to the finance and financial management aspects of the company. Certainly would include any references to the financial impact of the IPO or to any financing undertaken (before or after IPO) (but not to bookkeeping, accounting, and other information systems).

STKS Stocks, covering anything to do with stock trading (price, volume and market activities), shareholder interest and concerns, and with the fact that the stocks may now be used, for the first time, as a widespread staff reward and incentive as a recruiting tool for new management, and for other purposes. The stock price might also affect people's attitudes and their behaviours, both inside and outside the company.

ORG STRUCT Organization Structure, both formal (organigramme) and informal (who does what and how people share/delegate responsibilities) aspects. Includes the addition of new functions (e.g., P.R., corporate secretary, or audit/stock exchange reporting) as well as future vision or plans for evolution and change. Also includes consideration of how new people will fit into (or alter) the structure of people, their responsibilities, their relationships, and company policies. (There may also be new functions resulting from the growth of the company and its expansion into new markets, products, and services.)

BD.DIR. Board of Directors: Almost any reference to the Board of Directors, its make-up, role, nature of meetings, how it's changed due to the IPO, etc.

NEW FCTNS any New Functions (or new ways of doing old things) that have (or seem to have) resulted from the IPO. New P.R. and investor relations functions may result from the new need to provide information to shareholders in order to maintain activity and confidence in the stock. Auditing of information systems may be added or altered to meet the reporting requirements of a public company. The role of the corporate secretary may be expanded to accommodate increased legal and reporting requirements (e.g., to the Stock Exchanges) and Board activity as well as more careful attention to required procedures and time delays (e.g., for notification of meetings, signing of minutes, and so on).

HRM Human Resources Management, covering everything related to managing and developing the human capital of the firm. Includes personnel activities, like recruiting (and people's reasons for coming to the company), selection, hiring and induction, benefit and compensation plans, personnel records, and training. Also includes actions, intentions and expressed attitudes about motivating people, maintaining or improving working relationships, managing conflicts, and finding, building and keeping a management "team".

MISC-X Miscellaneous. Any segment worth capturing for further consideration/analysis, but that does not fit clearly into any other code category, can be coded as MISC-X. "X" denotes the descriptor (code word) that best expresses the code's meaning (e.g., MISC-IPO, if the reasons for going public are an issue).

CODING RULES

Procedures

- Not all text needs to be coded; code only what seems relevant.
- Codes can be overlapped and nested (see figure 1).
- The beginning of a coded segment can be marked with a bracket (⌉); the end can be similarly marked (⌋).
- Mark the main code . at the beginning of the segment. Also mark the code at the end of the segment if there have been nests or overlaps that might cause confusion.

Choice of Codes to Use

- Select the main code(s) that correspond(s) most closely to the text segment considered (see Code List). When more than one Main Code is used, separate them with a comma (e.g., Dec'n Mkg, Org Struct). Put the most relevant code first wherever possible, and follow it with those that are most closely related.

  This rule can be summarized as follows:

  Main Code, Main Code-related, Main Code-unrelated

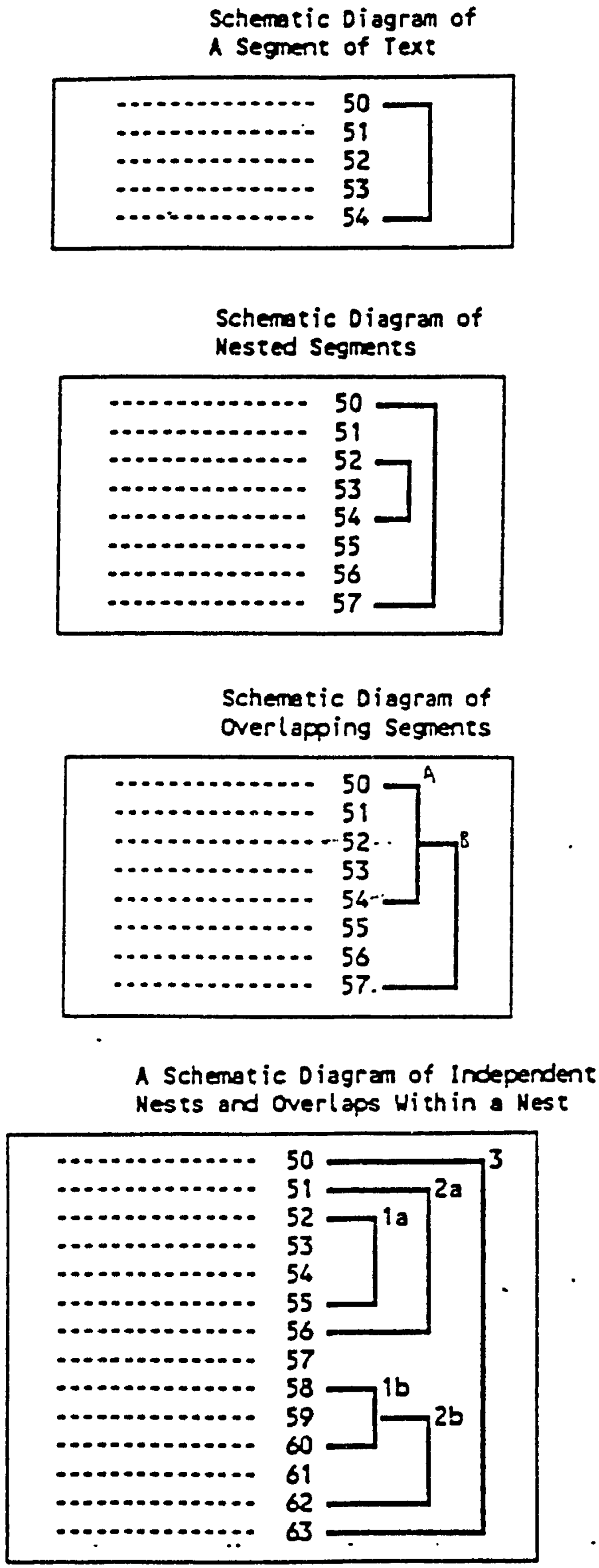
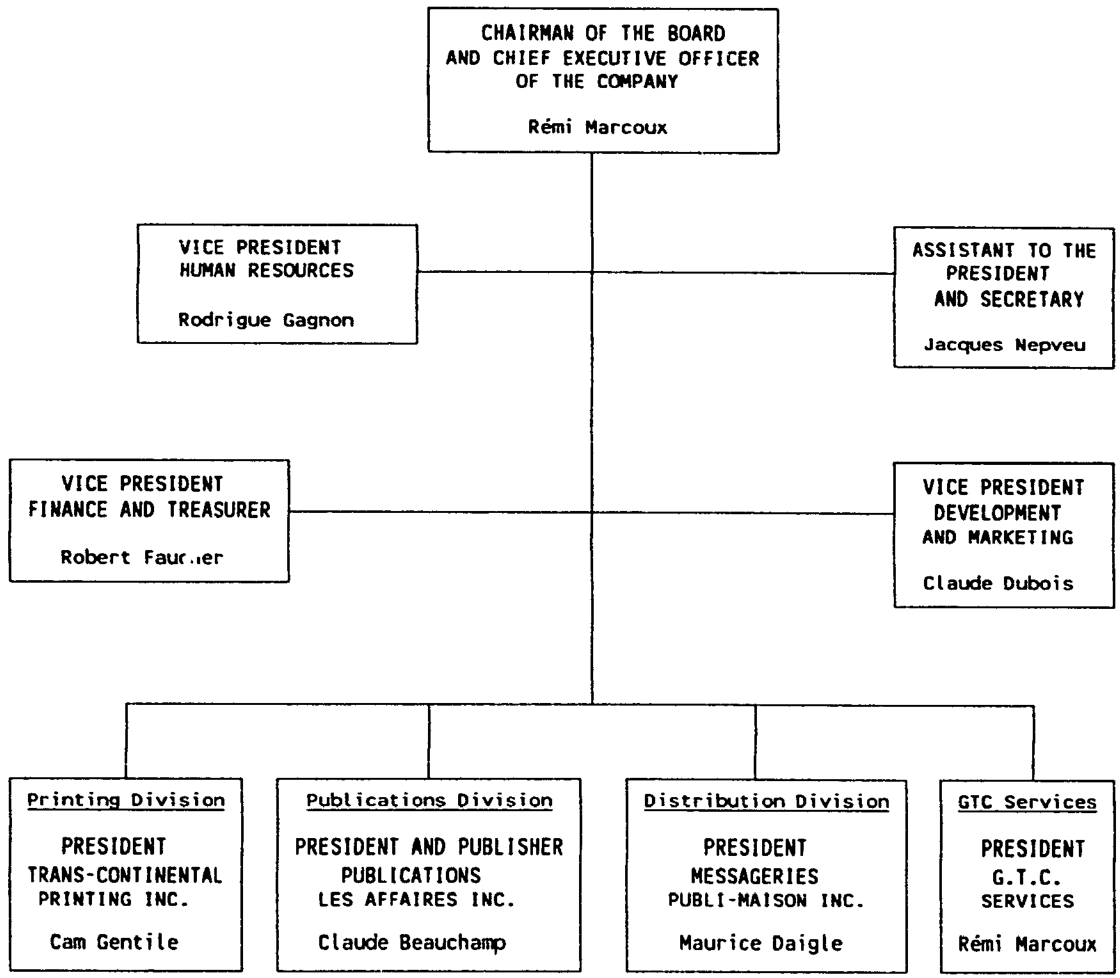


Figure 1. Nested and overlapped coded segments

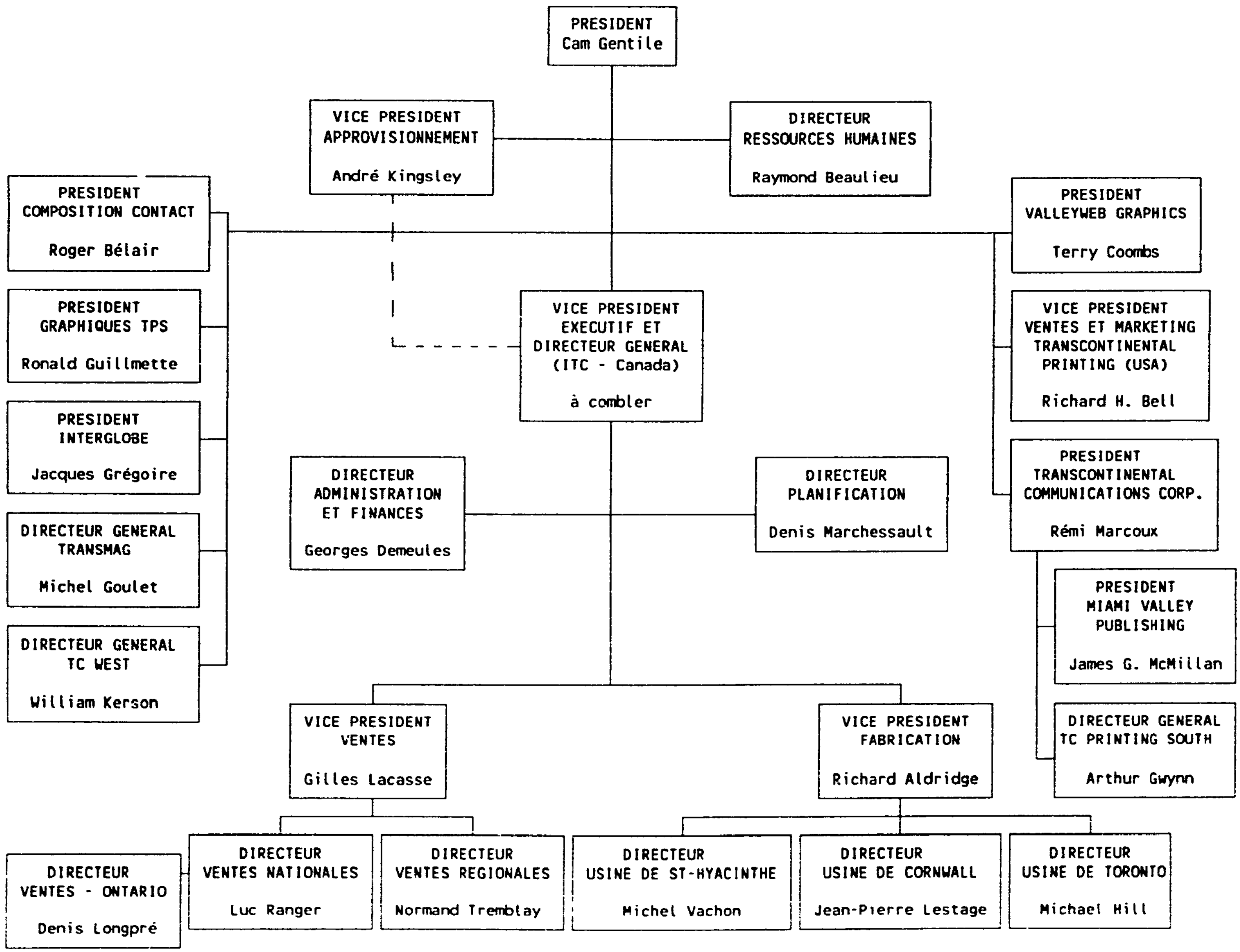
CODE LIST

MAIN CODE	
(Abbreviated form)	(Written in full)
Mgt Style	Management style
Cult	Culture
Dec'n Mkg	Decision Making
Strat	Strategy
Org Struct	Organization Structure
Bd Dir	Board of Directors
New Fctns	New Functions
HRM	Human Resource Management
Stks	Stocks
$	Money/Financial aspects
Grwth	Growth
Mkts	Markets
Hist	History
Misc-x	Miscellaneous - add any descriptor

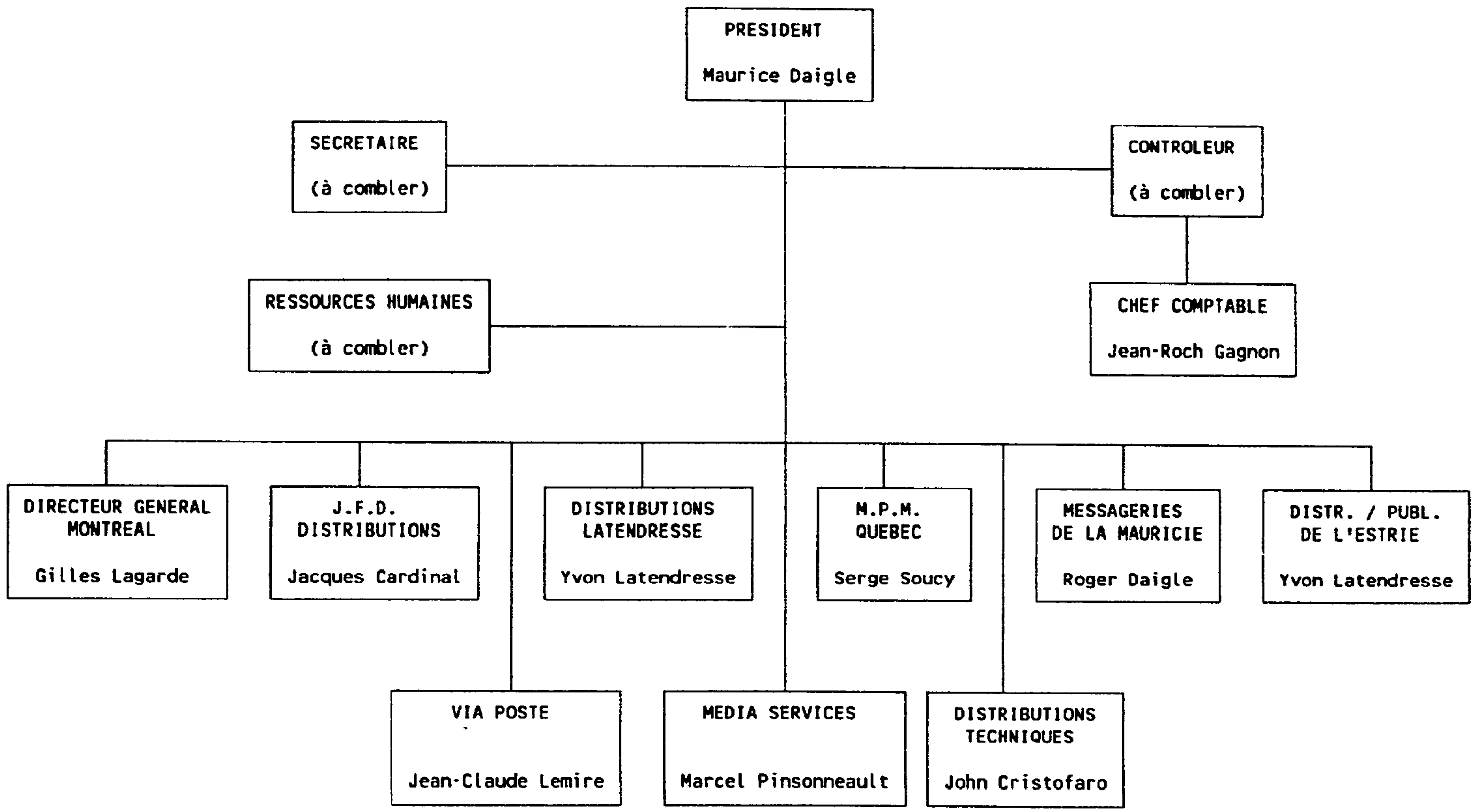
G.T.C. Organigramme, February, 1988



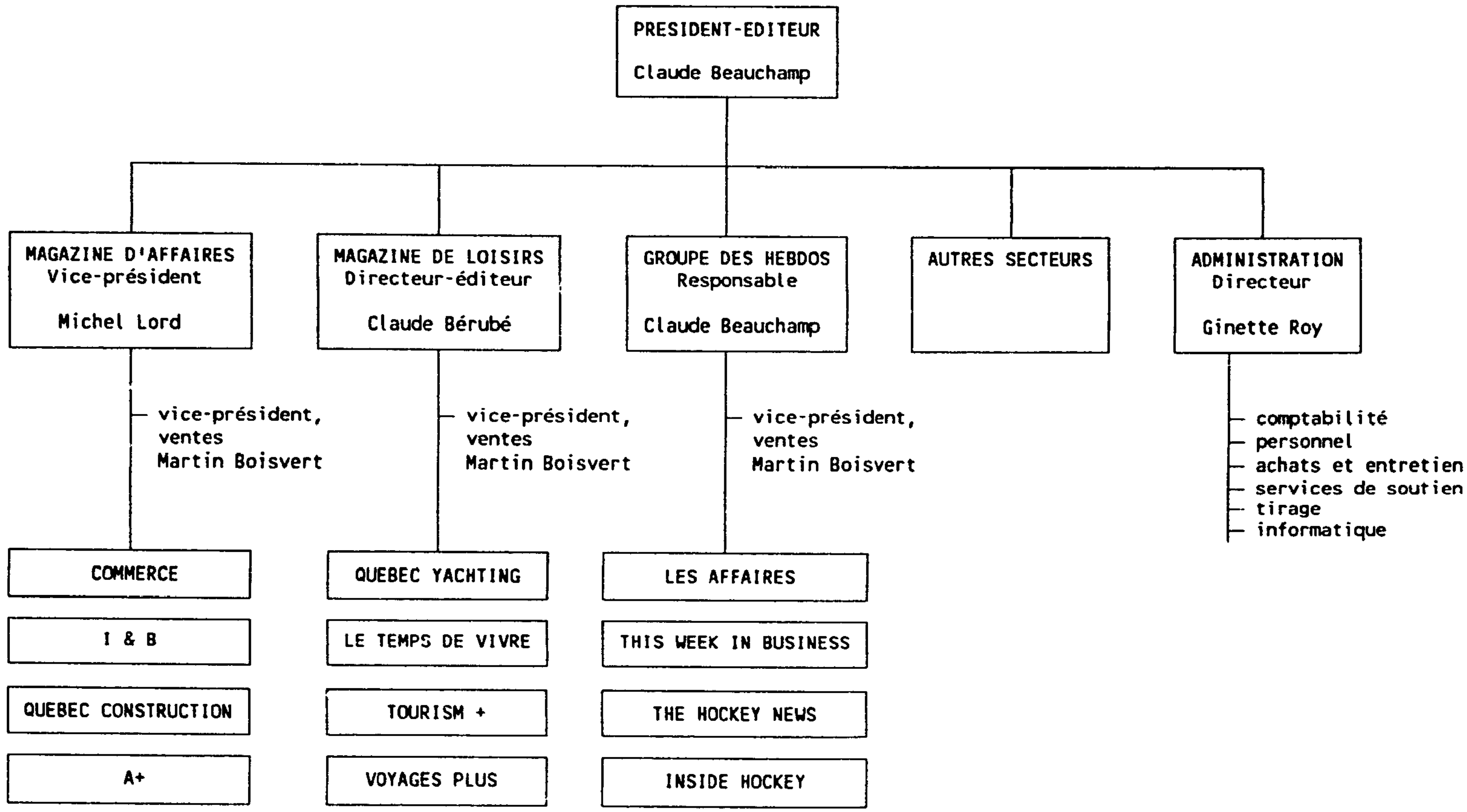
G.T.C. Organigramme, February, 1988 (Printing Division)



G.T.C. Organigramme, February, 1988 (Distribution Division)

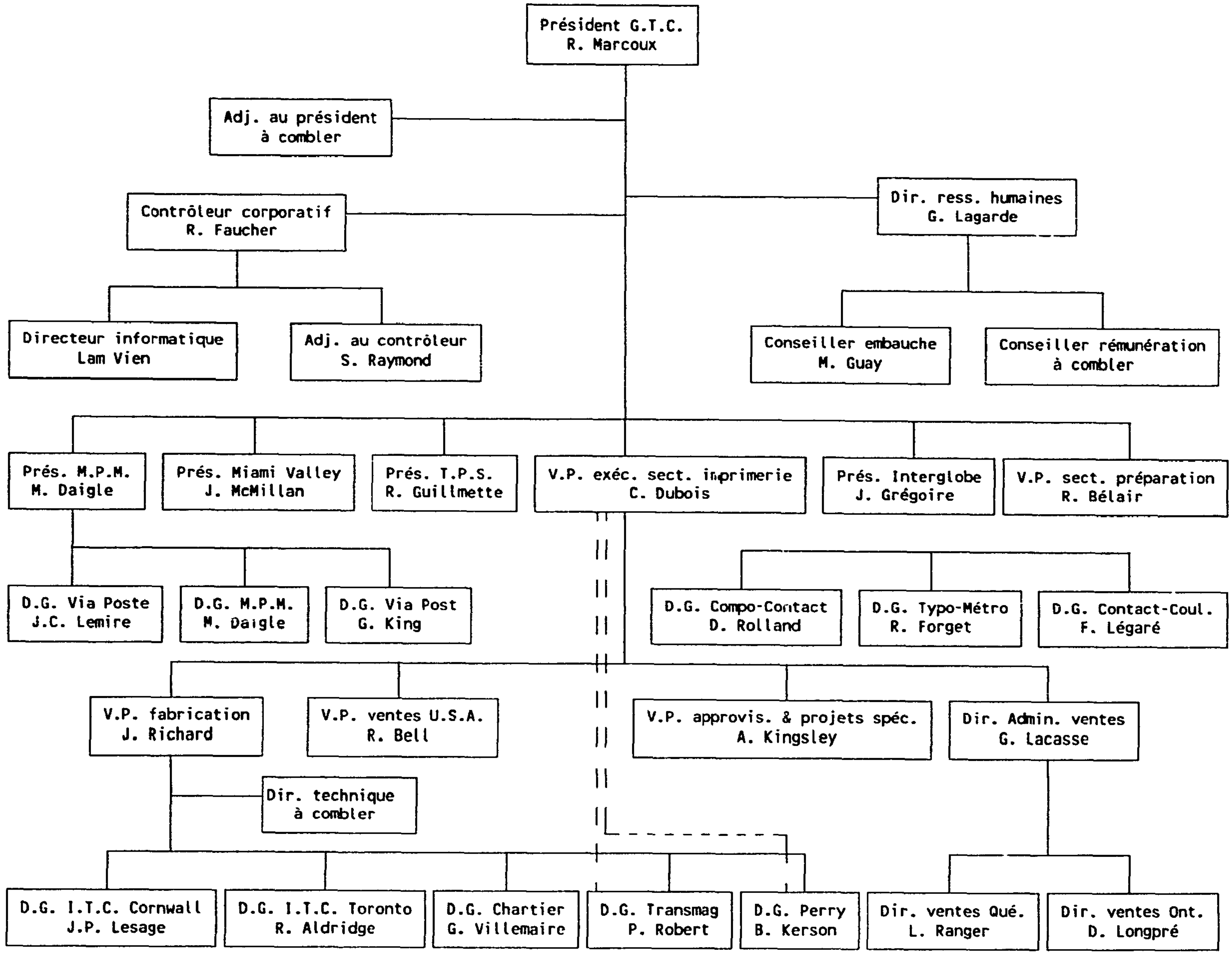


G.T.C. Organigramme, February, 1988 (Publications Division)



Un comité de gestion, se penchant sur les politiques administratives globales de l'entreprise est composé de Claude Beauchamp, Michel Lord, Ginette Roy, Martin Boisvert et Jean-Paul Gagné.

G.T.C. Organigramme, September, 1986



GTC Performance Summary

G.T.C. TRANSCONTINENTAL GROUP LTD.

Selected Financial Information

(in thousand of dollars, except per share amounts)

	Période de cinq mois terminée le 23 mars 1986	Période de cinq mois terminée le 23 mars 1985	Taux de croissance annuel composé 1981-1985	1985	Ten months ended August 25 1984	Ten months ended August 25 1983	1979-1983 compounded annual growth rate	Year ended October 31 1983	1982	1981	1980	1979
	(non vérifié)				(unaudited)							
Sales	58 022 $	36'285 $	39,4 %	107 560 $	$66.095	$48 039	48 3%	$63.887	$37.394	$28.568	$22.608	$13.175
Income before extraordinary items	3 307	2 037	108,7	5 965	4.180	1.531	45 4	2.294	1.094	313	64	514
Net income	3 307	2 037	112,1	6 340	3.853	1.531	43 2	2.294	1.494	313	64	544
Working capital	8 372	11 226	89,1	14 480	3.770	2.799	46 7	4.029	1.080	1.133	539	867
Fixed assets	41 314	22 248	58,1	33 359	18.061	14.029	39 6	13.228	12.202	5.350	4 464	3.479
Total assets	97 933	55 883	53,6	76 378	43.051	30.256	38 8	32.878	21.369	13.740	11.061	8.799
Long-term debts	17 274	6 364	40,6	13 427	8.585	9.915	44 9	9.612	8.262	3.437	2.432	2.177
Shareholders' equity	37 383	22 732	91,8	27 757	9.256	4.940	32 3	5.738	3.544	2.050	1.837	1.873
Per Common Share (1)												
Income before extraordinary items	0,190 $	0,127 $	106,7 %	0,365 $	0.375 $			0,165 $	0,080 $	0,020 $		
Net income	0,190	0,127	109,4	0,385	0.350			0,165	0,105	0,020		
Shareholders' equity	2,145	1,412	84,2	1,674	0.735			0,410	0,255	0,145		

(1) per share amounts adjusted to reflect 2 for 1 stock split on May 15, 1986

APPENDIX C

Reflections on Developing and Using an Original Methodology

The method chapter provided the rationale for the case study methodology that was chosen and its described the steps taken to set up and carry out this study. The collection, classification, and analysis of the data was also described. This appendix provides some additional background on how the methodological decisions unfolded, it describes the main trials and tribulations experienced in carrying out the research, and it closes with some observations of the nature of the results achieved.

Choosing the Methodology

There is some irony in the choice of the methodology for this study. An important reason for the initial choice of the IPO was the fact that the total population of firms was readily identified and could be readily segmented geographically according to the stock exchange listings chosen for investigation. The fact that the IPO window was open wide by the QSSP program meant that there was a population of firms readily accessible for this research. The original intent was to do a large sample study. It was clear to this researcher from the outset a more conventional, quantitative study would be both easier to complete and far more acceptable to the PhD. committee than an original, qualitative approach. The irony of the situation is that preliminary interviews with CEO's of new public companies showed some of the inadequacies of information gathered through structured and quantifiable questionnaires, thus, the nature and purposes of the research lead to the development of this research design that was finally selected.

The preliminary interviews with several CEO's of new public companies highlighted two significant factors that lead to the reorientation of methodological thinking. The first factor was clear and tangible; it concerned the possible influence of the stock price on decision making. The literature on IPO's suggested that decision making could become more short term as a result of the quarterly reporting of company results to shareholders. This, then, was one of the questions asked of CEO's in these preliminary interviews. All responsed with an unequivocal "no". These same CEO's were each asked later in their interviews how frequently they checked the price of their company's stock. They *all* checked their stock price at least once per day! The obvious contradiction between these two responses was a clear indication that more indepth data gathering and more sensitive measurement instruments would be required to uncover some of the important realities of this IPO transition. More extension, semi-structured interviews were therefore selected as the main data gathering method; the researcher carrying out these interviews was deemed a more sensitive instrument than a standardized questionnaire.

The second factor that lead to this reorientation of thinking about the research methodology was less tangible than the first, but still significant. The impression from these preliminary interviews was that the CEO's were posturing to some extent, that is, they seemed to be quite conscious of projecting a positive, professional, and confident image to all outsiders. This is consistent with what one might expect based on the IPO literature (and it is also consistent with the results that came out of this research). However, this posturing presented methodological problems for the intial study design: would questionnaire respondents tell us what they felt would show their companies in the best light, overlooking or distorting facts that might be important to understanding all the realities of their IPO transitions? The risk of getting significantly incomplete data through questionnaires was deemed to be high and so more indepth data gathering and more sensitive measurement instruments were again called for[1].

The shift from a large sample design to a smaller sample with more intensive data gathering pointed towards a qualitative methodology, but this decision raised more questions

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[1] Another study of Quebec IPO's was undertaken at about the same time as this one (Desroches and Jog, 1990). Their's was a questionnaire survey and they were able to conclude that going public brings significant changes to the internal management of the firm. They were able to identify that there were some changes in organization structure, communications, decision making processes, and labour relations with employees. They were not, however, able to describe these changes in much detail. They therefore undertook a second study to find out about the nature of these changes (Desroches, Jog and Taylor, 1991). This experience confirms that the questionnaire approach was not, at least initially, sufficiently indepth or sensitive to uncover and gather the data required to fully describe the IPO transition.

than it answered. Qualitative research covers a multitude of methods (Van Maanen, 1984) and no single method was found that met the needs of this study. A review was therefore undertaken of some of the more well known qualitative researchers (Bogden and Biklen, 1982; Denzin, 1970, 1978; Glaser and Strauss, 1967; Lincoln and Guba, 1979; Miles and Huberman, 1984; Mintzberg, 1979B; Patton, 1980; Van Maanen, 1984; Yin, 1984). These approaches were combined with the guidance available from the needs assessment literature for a problem-seeking, organization-wide needs assessment (Kaufman and English, 1979; Mayer, 1986; Romisowski, 1980; Ross, 1982, 1987). The methodology finally employed was pieced together from these sources. The details of this methodology and the procedures followed are described in the Method chapter. However, the notion of an audit trail, as described by Lincoln and Guba (1979), was important in this study and it was not described in the Method chapter.

The Audit Trail

Lincoln and Guba (1979) recommend that a naturalistic enquiry be audited much as financial statements are audited. Their argument is that it will provide a varification of the research process and this will increase the credibility of the results and the trustworthiness of the overall study. They present a detailed audit guideline in their appendices.

This study was not a naturalistic enquiry in Lincoln and Guba's terms, although it certainly incorporated some aspects of such an enquiry and it was built on some of the same assumptions (see page 42 in the Method chapter) The audit guidelines for a naturalistic enquiry could not, therefore, be implemented. The principle of leaving a trail of documents for external verification was, however, adopted. This allows another researcher to follow the same path and to see exactly where and how the results were derived. This provides a form of validation that was deemed important for this original research methodology that was carried out almost entirely by a single researcher.

Each step in the research process can be retraced and recreated by following the six steps described:

1. The literature that supports the PIM is clearly listed and can be readily consulted.
2. The interview questions list, shown in Appendix A, can be consulted to see what guided the interviews.
3. The interview tapes and their corresponding transcripts are available to review all the questions asked and the answers that were given.
4. Coding procedures, shown in Appendix B, indicate how this task was carried out, and all the coded transcripts are available to show what data was retained for analysis. The coded non-interview data is also available.
5. The collection of all the data for each main codeword is available in the form of printouts completed using the Ethnograph software.
6. The sub-coding of each main codeword, shown on the above mentioned printouts, is also available, as is the subsequent ethnograph printout of the data for each of these sub-codes. The results were written up from these printouts. The discussion chapter provides interpretation of these results in terms of the conceptual framework of this research.

These six steps allow someone else to verify how the results were generated, an important element in a methodology that is both original and, to many, unfamiliar.

Trials and Tribulations

Persuing an original, qualitative methodology proved, as expected, to be a longer process than an equivalent quantitative study would likely have been. This was due to two reasons. First, the nature of the data themselves: text data cannot be summarized, compressed, or manipulated as concisely or as precisely as quantitative data. Quantitative data can be presented in tables and statistical tests can help in determining what data is meaningful. The text data used in this study could not be summarized in tables, and the determination of meaningful of less clear cut and more subjective rules. In this sense, then, it was more painstaking and lengthy.

The second why this methodology proved to be longer than a more traditional approach was a lack of experience with this or similar methods. This made it more difficult to solve problems as they arose. The most vexing problem in the entire research process was establishing intercodal reliabilities. The first trials used an untrained coder and produced entirely unsatisfactory results. Subsequent trials that used coders with more training and more familiarity with the terminology of business management provided equally unsatisfactory results. A lot of effort and time was expended, yet the analysis could not begin until this problem was solved. In the absence of anyone else with more experience in solving these problems, a search of published studies was undertaken. This was followed by personal phone calls to five persons who were thought to have experience with text coding. None of these efforts provided a solution.

This problem was the source of considerable frustration and anxiety. It took several months before it was finally resolved, and the resolution was, as it turned out, quite simple. Coders had been asked to do two tasks: identify segments of text that were relevant, and then select the most suitable code. These two tasks were confounded. The real issue was whether or not different coders would code the same text segments in the same way. Results improved immediately, dramatically, and consistently once this was clarified. A more established research methodology, or the availability of persons more experienced in this type of methodology, would have saved a great deal of time and agony.

There were, nonetheless, some significant rewards and satisfactions from developing and following this methodology. There is a certain sense of accomplishment that the methodology was not only applied, but also that it worked! In fact, it generated more and better results than would have been predicted after the data had been gathered but before they had been analysed. This is described in the next section on the results achieved.

Another source of satisfaction, not immediately evident from the dissertation document itself, is the applicability of the PIM. The PIM was, in fact, developed prior to conducting any interviews. It definitely provided guidance to the data collection activities, and the fact that the results provide a good confirmation of the model was reassuring more than it was surprising. (The arugment that this approach is, in fact, self fulfilling is addressed in the conclusion section of the discussion chapter.) The surprise came when the literature review was formally completed and written up, an activity that was, in fact, completed only after the results had been written up. There had been a sense all along that the IPO literature was incomplete regarding this organizational transition, and it came as a very pleasant surprise to discover that virtually every element of the PIM was supported by at least one source found in the literature. The clear linkage from the literature to the PIM, then to the case study company, and, finally, to the IPM represents an integrity that has proved very pleasing.

Finally there is a richness to the data that goes beyond what questionnaires can provide. Text data is definitely more cumbersome to manage and interpret, but that is partly because they are alive and reflect the individual differences of their sources. The researcher immersed in these data may feel overwhelmed and confused at certain times, but as the struggle for meaning progresses and patterns emerge, there is a real sense of confidence that these patterns and interpretations do reflect important realities. This is a subjective response, but the triangulation designed into the study provides some confirmation for this response. In this study, the close relationship between the results and the literature, as well as the similarity of the results to those of Desroches, Jog and Taylor (1991) provide important confirmation.

There is little question that there were special difficults in undertaking this original and qualitative methodology. There was also a certain risk involved. This type of methodology was less familiar to those who would, in the end, have to evaluate and accept it than a more conventional, quantitative approach would have been. There was a higher risk of non-acceptance. Equally troubling at times was the risk that the method would not work and that satisfactory results would not be forthcoming. However, the nature and purposes of the research lead to this methodology, and so it was pursued in the belief that this was the best way to proceed, and that it would be accepted if it was done responsibly and presented in a way that was clear and explicit. There were difficulties along the way, but there is not doubt that a lot has been learned and a subsequent research study will be easier, faster, and more fun!

The Results Achieved

An organization theorist could review the results of this study and conclude that they describe the expected transition of a smaller, simple structure into a larger, bureaucratic or divisional form (Mintzberg, 1979A). The results of this study show that there is a clarification and elaboration of the organization structure, systems and procedures do become more formalized, and delegation increased. There is a question about whether or not there were any surprises in the results of the study. The answer is yes, and for at least three reasons: (1) the results were not expected by the actors in the situation and even the researcher's first impression after completing the data collection belied the the actual results forthcoming; (2) despite the confounding of organization growth with the IPO transition, several of the changes identified in the results were clearly as a result of the IPO transition; and (3) the change in organization culture, uncovered in the analysis of the results, was not predicted by either the PIM or the organization life cycle literature.

1. Results were not Expected

Those interviewed in this study were generally asked at the start of the interview about what changes they saw in the company since it had become a public company. Very few changes were identified and those that were were generally procedural (e.g., notices for Directors' meetings are issued on time) or financial (e.g., there is more money to support growth). The interviews had to probe and explore, using the interview questions list (see Appendix A), in order to uncover the information that makes up the bulk of the results.

The researcher was fully immersed in the data collection and transcript verification. He was looking to discover any changes inside the organization, and was armed with the results of the literature review and the PIM. He more than anyone would have been sensitive to identifying changes in GTC as a public company, yet, on completion of the data collection, his impression was that there was not that much change evident in the GTC organization. There was some real concern that this study might not generate very much in the way of results. It is a tribute to both the method followed and the capabilities of the Ethnograph software that the data were analysed in such a way that substantial results were actually forthcoming. Thus, in some ways, one of the surprises was that there were any results at all!

2. There were Clear IPO Changes

There is no doubt that the organization's growth and the IPO events are confounded. The high growth of GTC prior to the IPO both qualified the company as a good IPO candidate and provided an important impedous in that they needed financing to support that growth. The IPO, in turn, provided a variety of vehicles that supported continuing and accelerated growth (new equity, increased borrowing capacity, the ability to use shares as a currency of exchange in acquisitions, enhanced credibility with financial institutions, and new credibility in the marketplace). The changes in the organization structure and in growth potential are undoubtedly due to both these factors. However, other changes are more clearly the result of the IPO.

The increased attention to external communications and PR was in response to being a public company rather than simply a consequence of growth. This lead to some major changes in management style, especially for the VP Finance and the CEO, both of whom now had to spend considerably more time on these external relations. The use of shares for acquisition was possible only as a public company, and although one might expect that an acquisition hungry company like GTC would have anticipated this as a benefit of becoming public, the evidence suggests otherwise. Finally, the new role for the Board of Directors, based on the requirement to both include external members and the increased formality and structure, was clearly a consequence of the IPO. This had a significant, and unexpected impact on executive and strategic decision making at GTC.

3. The Organization Culture Change

Neither the PIM nor the life cycle literature predicted that the organization culture would change as a result of the IPO. This was a new factor uncovered in this research. It was not explored as much as it could have been (a future study will be able to do this), yet there were indications that it was an important change and one that was of central concern to some of the key managers.

Another surprise in the results was the close correspondence found between the PIM and the actual situation at GTC. This provided a confirmation that the literature, meager though it seemed at the outset, was, in fact, complete enough to withstand a rather indepth investigation. Frankly, this was an unexpected results.

The final surprise was the discovery that the study by Desroches, Jog and Taylor (1991), using a different approach to the same questions, arrived at remarkably similar results. This is a very gratifying confirmation of the results and speaks loudly for the method chosen, since it is both quicker and less costly than that of Desroches et al.

Conclusion

This research process proved to be a long one, fraught with unforeseen difficulties, doubts, and frustrations at many steps along the way. A PHD dissertation is a demonstration of one's ability to design and carry out independent research. The approach taken in this study was a real test of that ability. The experience confirms the initial belief that an original and unconventional methodology is the more difficult and higher risk path. It is indeed fortunate that suitable results were forthcoming. There is no question that the experience was invaluable and that the lessons learned will make the path of future research less dark and arduous.