

The key functions are manufacturing, distribution, and sales. A procurement, finance, and human resources group is also reasonable to assume. Third, formal measurement systems within the production process are clearly present. There are specific mentions of inspections by both the worker and the organization. For example, 100% inspection (as opposed to statistical sampling) costs time and manpower and no doubt is seen as critical to quality. In addition, there must be some system of keeping track of work-in-progress, finished goods, and concert bank system inventories. Fourth, the human resource system is highly developed. The reward system includes both hourly and piece rate processes; the union relationships; worker retention programs; and global hiring, compensation, benefits, and training programs.

3. **What is Steinway's culture?** While there is little specific information, Steinway's culture can be inferred. The dominant focus on the high-end segment, the craft nature of the production process, the importance of the concert bank program, and the long history of family influence all point to culture of quality, craftsmanship, and responsiveness. These values are manifest in the way the organization chooses its raw materials, the way it caters to its prized customers, the care in the production process, and the image it works to retain.

Now that the organization inputs, design components, and outputs have been assessed, it is time to ask the crucial question about how well they fit together. The first concern is the fit between the environmental inputs and the strategic orientation. The moderate complexity and uncertainty in the general environment argue for a strategy that is flexible enough to address the few critical dependencies but formal enough to control. Its focus on the high-end segment of the industry and the moderate breadth in its product line support this flexibility. On the one hand, the flexible and responsive manufacturing process supports and defends its preeminence as the top grand piano in the world. This also mitigates the powerful buyer forces in this segment. Its moderate product line breadth gives it some flexibility and efficiency as well. It can achieve some production efficiencies in the upright and medium-market grand piano segments, and its brand image helps in marketing these products. The alignment between its strategic orientation and its environment appears sound.

The second concern is the alignment of the design components. With respect to strategy, the individual elements of Steinway's strategy are mostly aligned. Steinway clearly intends to differentiate its product by serving the high-end segment with unique high-quality pianos. But a broad product line (both uprights and grands as well as two brand names) could dilute the focus. The market for higher-priced and more specialized concert grands is much smaller than the market for moderately priced uprights and limits the growth potential of sales unless Steinway wants to compete vigorously in the emerging Asian markets where the Asian companies have a proximity advantage. That hypothesis is supported by the lack of clear goals in general and policies that support neither growth nor profitability. However, there appears to be a good fit between strategy and the other design components. The differentiated strategic intent requires technologies, structures, and systems that focus on creating sophisticated and unique products, specialized marketing and distribution, and the concert bank program. The flexible structure, formal inspection systems, and responsive culture would seem well suited for that purpose.

The technology appears well supported and aligned with the structure. The production process is craft based and deliberately ambiguous. The functional structure promotes specialization and professionalization of skills and knowledge. Specific tasks that require flexibility and adaptability from the organization are given a wide berth. Although a divisional structure overlays Steinway's corporate activities, the piano division's structure is functional but not rigid, and there appears to be a cultural willingness to be responsive to the craft and the artists they serve. In addition, the concert bank program is important for

TABLE 3.2

The Differences Between External and Internal Consulting

Stage of Change	External Consultants	Internal Consultants
Entering	<ul style="list-style-type: none"> • Source clients • Build relationships • Learn company jargon • "Presenting problem" challenge • Time consuming • Stressful phase • Select project/client according to own criteria • Unpredictable outcome 	<ul style="list-style-type: none"> • Ready access to clients • Ready relationships • Knows company jargon • Understands root causes • Time efficient • Congenial phase • Obligated to work with everyone • Steady pay
Contracting	<ul style="list-style-type: none"> • Formal documents • Can terminate project at will • Guard against out-of-pocket expenses • Information confidential • Loss of contract at stake • Maintain third-party role 	<ul style="list-style-type: none"> • Informal agreements • Must complete projects assigned • No out-of-pocket expenses • Information can be open or confidential • Risk of client retaliation and loss of job at stake • Acts as third party, driver (on behalf of client), or pair of hands
Diagnosing	<ul style="list-style-type: none"> • Meet most organization members for the first time • Prestige from being external • Build trust quickly • Confidential data can increase political sensitivities 	<ul style="list-style-type: none"> • Has relationships with many organization members • Prestige determined by job rank and client stature • Sustain reputation as trustworthy over time • Data openly shared can reduce political intrigue
Intervening	<ul style="list-style-type: none"> • Insist on valid information, free and informed choice, and internal commitment • Confine activities within boundaries of client organization 	<ul style="list-style-type: none"> • Insist on valid information, free and informed choice, and internal commitment • Run interference for client across organizational lines to align support
Evaluating	<ul style="list-style-type: none"> • Rely on repeat business and customer referral as key measures of project success • Seldom see long-term results 	<ul style="list-style-type: none"> • Rely on repeat business, pay raise, and promotion as key measures of success • Can see change become institutionalized • Little recognition for job well done

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two reasons. First, it builds loyalty into the customer and ensures future demand. Second, it is a natural source of feedback on the instruments themselves, keeping the organization close to the artist's demands and emerging trends in sound preferences. Finally, the well-developed human resources system supports the responsive production and marketing functions as well as the global nature of the enterprise.