What Lies Behind Organizational Facades and How Organizational Façade Lie:

An Untold Story of Organizational Decision Making
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Introduction

While stakeholders search for visible signs of or organizational efficiency and effectiveness, organizations, in turn, depend on these stakeholders for resources. Therefore, organizations display what Nystrom and Starbuck (1984) called "façades" – a symbolic front erected by organizational participants designed to reassure their organization's stakeholders, of the legitimacy of the organization and its management. In the classical formulation, facades act as buffers, allowing managers to gain new resources for their ongoing projects – regardless of their efficiency, effectiveness and institutional legality (Pfeffer and Salancick, 1978).

Why focus on facades in a book about decision-making? First, because, investors, managers, leaders, employees, competitors and regulators all make decisions about organizations based primarily on organizations' facades and less so on what lies behind these facades. In other words, companies hide behind a so-called façade or front stage (Goffman, 1974; Nystrom and Starbuck, 1984). The Façade hides the backstage, which if revealed might make organizational stakeholders decide that problems beset the organization. This would cause stakeholders to withdraw their support – they would disinvest, quit, sue, and generally disparage the unveiled

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organization (Meyer and Rowan, 1977). Second, because as they case study revealed, a lot of organizational decision-making involves what façades to erect.

Originally, this chapter was to serve a twofold purpose. First, it was to investigate what lies behind the façades facing individual decision makers; it was also to examine the way in which a facade influenced organizational stakeholders. As it turns out, this grounded analysis took us in a very different direction.

What do façades look like?

The orienting framework to this case study, taken from the extant literature on the subject, conceived of facades as unitary – there existed one façade, for one organization (Meyer and Rowan, 1977; Pfeffer and Salancick, 1978). It also visualized facades as somehow stable and ready made, rather as evolving works in progress. Our orienting framework also assumed that facades served only one function – creating organizational legitimacy in the eyes of stakeholders, in order for the organization to continue receiving stakeholder support. Facades, therefore, we assumed, served to hide the ugly truth from stakeholders, thereby misleading their decisions.

The article's first section describes the case. Then, the second section discusses the conclusions drawn from the case. As will become apparent shortly, this case study undermined many aspects of our orienting framework. The study suggested that facades, far from being unitary, have different facets serving very different roles with respect to stakeholders' decision-making. Moreover, the case study revealed that not only entire organizations, but also headquarters, departments, small units, even individuals decide to display facades. Finally, the case study demonstrated that facades do not only serve to legitimize organizations – they serve many other

functions. Some of these functions do in fact deceive stakeholders, but this deception, as well as facades other functions, can also benefit stakeholders.

Sogenious Labs Case Study

This chapter investigated a firm caught between contradictory prescriptions forced on it by its main stakeholder; a firm pushed by headquarters to display the ambitious and risky results in a foreign environment; a firm also forced to display a highly positive image for the firm in a completely new market. This French firm, Sogenious Labs (a fictitious name) belonged to a large industrial group. Its specific mandate calls for it to exploit innovation and partnerships in the United States. Thus, it had to supervise on-going partnerships with US firms, as well as building a small R&D capacity in the emergent West Coast high tech industry.

In all fairness to the leaders of Sogenious Labs (SL), Headquarters gave them little direction. Consequently, over time, SL employees started to capitalize on their own interpersonal networks to respond to various demands from dispersed units belonging to the parent company. Besides, nobody fought to become SL's CEO. Senior managers felt that accepting such a mission would drive them away from the corporate center, and that it would diminish their chances to climb the corporate later to the center's corporate team. Consequently, SL had several CEOs until its parent company decided it should put in place some "strategic consistency". To do so, they selected one of their senior managers who had an honorable record in rejuvenating one of their slow moving business units, and "promoted" him to the strategic reorientation of SL, Inc.

Employees of SL, Inc had mixed feelings about this entirely new endeavor. On one hand, they welcomed change after so many years of reckless "entrepreneurship". As the former CEOs did not receive much direction from the parent company, management had conducted hiring in the most haphazard fashion, and gaps in income had become clearly visible at SL, Inc. This new "strategic reorientation" appeared as an opportunity to reshuffle responsibilities, and more surely, redress salary injustices. On the other hand, the small island that SL, Inc represented had become most comfortable. There "no project office" policy placed constraints. Evaluations of work occurred by self-appraisal. A friendly consensus reigned over a multitude of discretionary, and most of the time, totally unknown projects of which peers remained blissfully ignorant.

When the new CEO took office, a breeze of sheer wariness infiltrated SL's cubicles. Many of SL's engineers had defined their efficiency as a combination of attending industry conferences and engaging in "talks" with vendors and local high-tech firms. In fact, they never filed reports of what they had learned at these industry shows. Moreover, the culture assumed that most of these conference "talks" did not lead to any observable industrial development. Surely, something "interesting" to report would materialize when the time had come. However, when the time did come, they had little or nothing to show for it.

From his armchair, the CEO lacked perspective. He could not see that the most valuable assets of his new organization were the outcomes of personal projects that SL employees had undertaken at their own discretion with various levels of success. Nor was he aware that over time, departmentalization had grown to record proportions, and the small SL had almost as many

departments as it had employees, people often teaming up in "cross departmental" projects when new opportunities arose. Two-to-three employees constituted most of these "departments".

Neither did SL excel in its planning. The parent company always asked that management consume their budget by the end of the fiscal year, and that a particular SL developer budget each new project. SL employees launched most projects that fitted their highly personal tastes. The game became to find a kind manager who would sign onto new and on-going projects for the annual report. SL employees invested a lot of energy reverse engineering existing solutions to find matching problems, and a potential ownership of the problem in one of the two hundred business units of the parent company. Occasionally, a "genuine" demand would fall in the engineers' laps. Most likely, however, on-going projects already swallowed up their time and budget allocation. This mechanistic budgeting system, in short, militated against any healthy collaboration with the parent's company units. It would instead entangle the small SL "departments" in yearlong "commitments" to self-declared or negotiated projects.

Although the whole picture was quite messy, employees were displaying tremendous creativity in producing outcomes of dubious utility. Various prototypes were piling up on engineers' desks, and surely, the mother company had many opportunities to extract from this total mess valuable innovations. Things did not turn out this way, however.

The parent company itself suffered heavy turmoil after its stock lost more than 40% of its value. Because most of the industry faired no better, SL's parent company headquarters did not perceive the stock-market collapse, though spectacular, as particularly dramatic. However,

analysts' pressure for greater stock values led the CEO of SL's parent to take a drastic decision. "Time to market" became the new religion, and the slow pace of SL's R&D labs became the sin to cure. The firm's reputation was at stake, and consultants from McKinsey and fellow Big Four management consulting firms flocked to examine the situation. A new word appeared recurrently in the headquarters' memos that now rained torrentially onto the small SL: "strategic alignment". The whole plan, the headquarters' document proudly read, would "strategically align the R&D organization with market demands, i.e. the business unit's strategic objectives". This shocked most SL's employees as they spent most of their time trying to convince the so-called "strategic business units" to buy their creative outputs in order to justify their annual budget. To date, the experience has most clearly resembled that of an Apostle trying to convince a heretic to join a lost, obscure, and distant faith.

The intervention was doomed from the start. The parent company initiated this so-called "reorientation" from quite a distance -- 8,000 miles away, precisely. Moreover, culturally, as one SL employee put it during an interview, SL basked in a "self-designing chaos" philosophy. As a result, when a doubtful local executive examined carefully the first set of "official" headquarters PowerPoint slides, he confided in the interviewer that: "It's going to be like putting squares into triangular holes, this new plan".

Time pressure exacerbated the sense of local puzzlement. Coming up with a new organization, aligned with something rather distant and mysterious with no additional input appeared to SL employees as complete non-sense. Most engineers relented, however. Nevertheless, one thought impressed itself on them: this was no time for being over-creative. Recycling existing material

did not sound like such a bad idea. This involved no malicious intent; as one employee put it: "realigning implies we have to reuse what we've done before, init?"

Unfortunately, SL had lived a lie. What SL had done previously had little to do with the parent company's endeavor. People became aware of the discrepancy soon enough; but, again, they absorbed it. SL could not panic, as the parent company's executives were due shortly for a courtesy visit. This looming deadline blurred the boundaries between future and current achievements. Engineers started to mix old PowerPoint slides with new ones, past, present, and "under progress" with "completed". Some moments of panic struck here and there when young interns pointed out that SL employees showed slides that they had already shown to the same executives, during their previous visit. A parent company's executive receiving a set of slides from SL notice it, and informally got in touch with one of SL's employees to inquire if someone had mishandled the slides. A little fine-tuning fixed the glitch, and managers kept engineers busy on their slides manufacturing for two full weeks.

Some employees noticed that, in its very paradoxical way, this "reorganization" gave them at least the impetus to do their own "write up" for their "department". The whole exercise also gave opportunities to get rid of fellow workers, reassigning them to the brand new, and "so promising" new domains. The result looked good. SL leaders reorganized into five departments, perfectly "realigned" with the five competitive domains of the parent company. Each subsection contained a detailed plan of grand schemes they would achieve, with the obligatory rational of increased "time to market". When local imagination failed to provide a credible rationale, SL employees called the latest management theories to the rescue. The "reorg" also became an

opportunity to lay claim to future hot new topics that would later provide justifications for grabbing or negotiating new demands.

A quick look at the Intranet statistics during these two weeks showed that engineers rushed to the corporate website for tips on the proper jargon to use, and on domains that would make their own write-up attractive. As days passed, the project had less and less to do with SL's reality, but instead of just "putting up with it". Managers started to have real conflicts over the definition of their domains. Upward appeals and inflated past achievements served in management meetings to justify further territorial expansion. Somehow, many of these statements became exaggerated, and after-meeting comments became harsher: "That was pure BS. She's no expert in that field, never accomplished anything in that, and look now, she is manager of the domain".

The fact that everyone had slightly distorted reality never became the subject of debate because of the obvious and keen interest not to report one's neighbor. Indeed, the entire peer-review process meant that denouncing one's neighbor would eventually lead to counter-denunciations. Of course, not everyone reacted the same way. A small group of engineers escaped the on-going mess by quickly reaffirming their affiliation to a single parent unit, and stood aside, laughing as the craziness unfolded.

When SL's parent company executives stepped in, the facade they heard and saw pleased them. The parent company executive congratulated SL's CEO for such a successful "reorg" [sic], and they put up the company as an exemplar for all other subsidiaries to imitate. Two weeks later, headquarters invited SL's CEO to share his successful experience and to participate in the global

strategic reorientation meeting. All SL perceived this honor as legitimating the work that they had done.

When the manager of the Chinese subsidiary heard of the success story, he immediately took a plane, and flew directly to SL, Inc. For people who have suffered from being distant from the heart beat of the company, the news was truly refreshing. Every actor put on the proper performance; Chinese executives received proper tours of this exceptional reorganization. The Chinese executive left with all necessary documentation, including the hundreds of Power Point slides manufactured for the event.

As SL fell back into its old routine, nothing truly changed. People went back to their old projects, leveraging their old connections and fine-tuning reports so that they would fit the new matrix. The beautiful intranet displayed for the occasion had less and less visitors, and fewer and fewer contributions. At one point, the "Chief Information Officer", who had recently been anointed with this new title, discovered that the last and only two readers of his knowledge management creation were the CEO and himself.

China, was an all together different story. This young and affluent subsidiary, adopted the new organization, plan and projects swiftly. People in China did not fight the new organization because their personal history was not, as of yet, entangled in the old budget system. There were no problems to invent on-going solutions for, so a set of fresh and neatly designed problems were very welcome. When transposed elsewhere, the purportedly exact copy of SL's emergent fallacy turned into a real success. This success reinforced SL's legitimacy and reputation. In fact,

all the group subsidiaries dealing with innovation, in short order, adopted SL's organization as the canonic, innovative organization form.

Headquarters' pressure to comply with the new form left the small subsidiary puzzled, and subsidiaries in turn put up façades displaying the requisite form. Meanwhile, at SL certainly did not focus on shareholder wealth, but instead on displaying an image that would exemplify the organization exemplar. Yet, in the end, they did produce overall shareholder value. A façade built out of desperation became a fashionable technique that gave the adequate impression that the firm had successfully managed the analyst driven turnaround. When the new Chinese creation had cloned SL's facade, it had no messes to hide, no previous history to accommodate, no irrational budgeting to circumvent. A façade on one side of the Pacific became a successful design on the other.

Deciding on Facades

The SL case offers up many lessons. First, decision-makers took decisions based on one main evolving input: SL's slowly *emergent* façade. Indeed, if one thing became clear, SL constantly fixed cracks in the façade, added entirely new walls, and pulled down others. Such "façade labor", the case revealed, became a full time job. Employees did not erect a façade once and hide behind it forever. Rather they constantly engaged in a decision making process of how to re-craft the façade in order to maintain dynamically legitimacy in the face of changing threats to legitimacy.

Second, whereas we assumed initially that facades would have one facet, they turned out to have multiple facets. In particular, we recognized at least three types of facets. Each type of facet also served at least one particular purpose.

More specifically, first, to display facades, managers must make their firms conform to expectation or norms that the run the firm rationally; in other words, they must appear to use management techniques believed to serve as efficient means to important ends (Baumard, 1999). Second, conforming to existing norms of rationality does not always suffice. Stakeholders also expect the use of new and improved rational management techniques. Organizational leaders must demonstrate to stakeholders their use of the newest and most improved techniques – so called "state-of-the art techniques" (Abrahamson, 1996). Thirdly, organizational decision makers must signal that their organizations follow appropriate legal, financial, and professional norms. Hence, managers have to display the signs of respectability and financial solvency in order to create a reputation that satisfies stakeholders' other social expectation (e.g. a safe product, fair accounting, community support, and so on).

This tripartite description suggests at least three types of different façades: *rational façades, progressive façades*, and *reputation façades* guiding organizational stakeholders' decisions.

Rational Façades. Meyer (1977) used the term "rational norms" to denote stakeholder expectations that their firm and its management would run the firm rationally. What constitutes rationality remains vague and ambiguous; therefore, a rational façade projects the impression that a firm uses specific rational techniques that serve important ends for stakeholders.

The Consequences of Rational Facades? The case revealed that purportedly rational operations did not go as smoothly as expected. The rational façade disguising SL's structured finance operations began to crack and collapse. The trading room was over-performing, while the loan activity was failing to provide the performance required to improve expectation of the larger banks (Baumard, *YEAR?*, 157-159). Organizations eventually used the rational façade as a shield behind which they could innovate; both substantially, by changing their procedures, and then symbolically to create a new rational façade in order to foster stakeholders' support.

More generally, we propose that rational facades hide messes – complete deviations from expected conception of rational order (Abrahamson, 2002). Rational facades, by hiding SL's mess, served a critical role in both SL's survival and its strategic reorientation. Behind SL's rational façade, it could act as a kind of organizational garbage can wherein streams of problem bumped in quasi-randomly into a set of solutions (March and Olsen, 1976). As solutions were not always available, and the pressure to solve problems grew, engineers stumbled upon or invented solutions, and then created the problems, or the story, that would to justify these solutions. A total organizational mess resulted, as this practice spread throughout the firm. Managers violated egregiously, but highly productively, every rational rule of rational management decision-making.

Rational façades help organizations by allowing them to run in non-orderly or messy fashions. This has two advantages; first, as Starbuck pointed out, organizations can forgo the expensive overhead of adopting institutionalized practices of arguably little utility. Indeed, scholars have

never calculated the institutional costs of such institutional conformity – but what if they constituted a sizable component of organizational costs, providing few of the many benefits that they promise?

Second, mess allows for chance interactions between components that would have been otherwise been separated by institutionalized order (Abrahamson, 2002). Behind façades, employees can interact in the disorganized fashions that best serve their needs. At SL, Inc., many project managers used facades in order to cross boundaries, and work with new Business Units across the Group. Shielded by facades, project managers could change the labels defining their responsibilities, and abandon useless activities to take on ones that are more useful. In other instances, project managers employed facades to escape a narrow and tight coupling to one parent business unit, and to connect with many others. For example, the head of Business Development decided to include "technology benchmarking" to its responsibilities, allowing his group to interact more effectively with Chief Technology Officers at the parent company, thereby bypassing the local CTO.

When employees face supervisors, they need to sound plausible and to appear consistent. A façade hides the trial and errors inevitable in bringing about change. The Chinese subsidiary, for instance, found in SL's façade the positive image it needed to make its launch appear orderly and mistake-free. Moreover, façades reduce the level of uncertainty that surrounds organizational deeds and actions. A façade projects a confident image of unity in both direction and command. Hence, façades allow for the inspired improvisation necessary to respond to urgent demands

caused by unexpected events, while maintaining the appearance of a low level of uncertainty (Crossan et al., 2055 [2005?]: 133).

Freed from guilt, employees who work behind a façade can pursue their own logic of organized or even disorganized logic of action. Façades act as ex ante explanations for whatever could happen to the on-going actions, guaranteeing achieved consistency, for the façade holds a different temporality from action itself. As Fischhoff puts it (1975), quoting Florovsky: "in retrospect, we seem to perceive the logic of events that unfold themselves in a regular or linear fashion according to a recognizable pattern with an alleged inner necessity. So that we get the impression that it really could not have happened otherwise" (p. 369)

Progressive Façades. The theory of fashion introduces the notion that organizational façades must not only fit norms of rationality, but that they must also mirror norms of progress. Norms of progress mandate not just that managers use efficient means to important ends, but rather that they use the *newest and most improved* efficient means equally new and improved ends (Abrahamson, 1996). In other words, managers must use the latest management fashions offered up by a management fashion market composed of consulting firms, business book publishing houses, business magazines, business schools, and business professional associations.

If most companies have adopted the six-sigma fashion, for instance, pressure builds to create a six-sigma façade – even if this façades is more symbolic than actual. In another instance, Zbaracki (1998) shows how the language prescribing Total Quality Management Techniques reaches organizations, leads to some TQM experiments, many of which fail, and few of which

succeed. As stakeholders ask for evidence of quality management, managers turn these few successes mutate into a rhetorical façade that fully satisfy stakeholder expectations.

The Consequences of Progressive Facades. In our experience, progressive façade can play at least three roles. First, to put it bluntly, progressive facades can hide the fact that organizations continue doing some of the same old stuff despite pressures to change. On occasion the old stuff gets relabeled – what Kimberly (1981) called putting old wine in new bottles.

Second, progressive facades can make organizations appear as if their management uses the state of the art in management technique. This may explain why so many progressive facades collapse over time, because they serve a symbolic rather than utilitarian purpose (Abrahamson and Fairchild, 1999).

Third, and to our surprise, SL's progressive façades played a utilitarian adaptive role for SL. It enabled decisions that headquarters would have otherwise rejected. Progressive façades help in experimenting with fashionable techniques that might otherwise fail. The buffer and the oversight that SL's façade created helped managers to escape micromanagement, to find more room for experimentation, and to feel less scared by failures, out-of-box design and daring combinations of improbable business processes. Crafting a progressive façade introduced a narrative guideline in the on-going mess that, in the end, helped SL achieve congruence with the rest of the firm. It seemed that for the progressive façade to succeed, however, no one had to believe it too much and feel constrained by it too closely.

ternal stakeholders can interpret organizational innovation in two ways – as creative or as deviant. The latter puts innovators at risk. Surprisingly, in this case study, progressive organizational façades – far from bringing innovation into firms – served to incorporate existing organizational innovation.

Innovation also requires freedom (Clark and Fujimoto, 1991). Progressive facades create a sanctuary wherein engineers can gain discretion over their projects. For instance, technology for compression video fascinated a young engineer at France Telecom, in the late 1990s. Unfortunately, he worked in a telecommunication firm. In order to pursue his passion, he built a series of progressive façade that made it appear that compression technologies were the path to progress in telecommunication systems. Well hidden behind these progressive facades, he could achieve his real project – creating the first MPEG4 encoder. Facing resistance when the façade collapsed, he obtained a spin-off agreement with France Telecom, while sharing in the revenues of the forthcoming patent. Out of the 6,800 patents that the French telecommunication group holds today, the Mpeg4 patent had generated in some years nearly 40% of its licensing revenues.

Façades serve the innovation process, because they allow the construction of an ex post convergence between experiments and their outcomes. As in the MPEG4 case studies, engineers obtain resources and freedom by projecting a desirable image of a positive and rhetorically convergent outcome for their corporation. When stakeheholders accept the rhetoric, employees can thrive behind the esoterism of the put-up façade and do the real work. Hence, façades provide engineers and managers with degrees of freedom that more scrutiny and micro-management would kill from the start. As pointed out by Sobek, Ward and Liker (1999), this

gradual convergence provides the group with the possibility of collective learning based on real-time information, not forcing the choice of early, and potentially misleading, convergence points.

Reputation façades. Reputation serves to indicate that organizations serve stakeholders in some way that benefits these stakeholders – selling them products that do not hurt them, helping some disadvantaged organizational stakeholder, following acceptable accounting standards and so on. With the current waves of financial scandals, this type of façade has received the most attention. A reputation façade displays accounting and rhetorical symbols desired by critical stakeholders, e.g. most commonly analysts and the Press. In that sense, reputation façades participate in the crafting of organizational legitimacy by reinforcing the positive image of an organization (DiMaggio & Powell, 1983; Meyer & Rowan, 1977).

Reputation façades appear as symbols, stories, attributes that lead observers to believe that an organization can achieve more than it really can. Enron's CEO, Jeff Skilling, put up a reputation façade depicting a crowded trading room when his firm received a visit from members of the Security Exchange Commission. Employees filled the room mimicking the actions of busy energy traders, while bogus information filled the screens. This chapter considers this trading scenery as a story told, a fairy-tale, narrated to stakeholders to support on-going decisions that are better kept discreet from external sight.

The Consequences of Reputational Facades. The case study also revealed and interesting feature of reputational facades. When SL had put up its reputational façade, managers felt obliged to deliver on it, as if caught in a self-inflicted self-fulfilling prophecy. Employees

worked long hours to bring the backstage in line with the front stage – the organizational reality with the organizational façade.

To conform by using facades often means to innovate symbolically. When organizations need to bridge the distance separating current and desired facades, they engage in several forms of more or less radical innovations. In the late 1980s, the Indosuez Bank was facing such a challenge, as its stockholders had decided that it was time for the historical bank to fly apart from its parent company, and gain all the requisite attributes of an international bank. By the end of 1988, the bank has put together a "Development Charter" that listed all the pieces of its facade "to put Indosuez on the map as a recognized international bank" (Baumard, 1999: 156). These pieces included owning a performing trading room in New York, close to the NYSE, climbing up the scale of loan graduation from AA to more, and displaying the same organization and lines of operations that the major AAA banks operating in New York.

Reputational façades also provide shields for pursuing illegitimate actions. Because façades espouse corporate and societal values, stakeholders do not perceive when organizations have violated these values. Moreover, because façades create causal ambiguity, it becomes harder to hold leaders and managers responsible for such illegitimate actions. Moreover, because stakeholders do not associate reputational façades with particular individual, they create an anonymous shield between organizational operations and the image of these operations broadcasted to the outside. A façade becomes a collective fantasy, a shared dream, where no one remains responsible. At least, the managers of Enron, WorldComm and MobilCom thought so.

Reputational façades also contribute to risk taking in organizational decision-making. Façades raise the level of expectation of investors, stakeholders and managers as they project positive organizational returns. If stockholders were only to invest based on realistic assessments of firms' current capabilities, most innovations might never take place. Hence, like a collective fantasy, a façade encourages investments and support for innovations that would otherwise have never seen the light of day. .

From Organizational to leader Façades

Up until this point, this article has concerned itself with organizations creating façades. Clearly, however, leaders and managers create façades, not organizations. The create facades for entire subsidiaries, for departments, for subunits. In a way, an organizations constitutes a nested set of facades that mediate the interaction between every differentiated part of the organization.

Note, however, that facades don't stop at the boundaries of organizational subunits. Individuals, themselves, put up rational, progressive and reputational facades. This becomes particularly interesting when we consider the facades erected by leaders.

Façades legitimate not only means, but ends as well. Leader façades communicate that the strategic ends leaders pursue serve their stakeholders' interests: whether they be investors, employees, suppliers or consumers. Leader facades, therefore, build CEOs reputations (Rindova et al. 2006, Adler & Adler, 1989; Gamson, 1994). To further these reputational leader facades, CEOs use the professional services of communication agencies and public relation agents to shape their image. Jeff Skilling, former CEO of Enron, and Time "Manager of the Year" before the scandalous bankruptcy of his firm, made extensive use of public relations agencies to burnish

his image for stakeholders. "Professional image construction", nowadays has become an academic research subject (Roberts, 2005). It leads top managers to "invest a considerable amount of energy into constructing viable professional images by enacting personas that represent desirable qualities (e.g., intelligence, confidence, initiative, trustworthiness, gracefulness, and seriousness about one's work) and that elicit approval and recognition from key constituents" (*op. cit.,* p. 687).

Accordingly, organizational stakeholders have caught many leaders polishing the façade of their resumes, most lately the Director of FEMA, in the aftermath of the Katrina disaster. Managers seek for themselves and their firm's institutional certifications and symbols of recognition (Rao, 1994). As a result, leader façades take the form of fairy-tales, of organizational myths, and of stories of heroic performances. This storytelling contributes to organizational legitimacy by meeting societal expectations and society's fantasies (Lounsbury & Glynn, 2001).

Accounts of organizational founder's personal history frequently dramatize corporate histories as well. The media depicted Howard Hughes as a war hero, a fearless pilot, and a breathtaking engineer. This though he neither fought in any decisive battle nor flew his experimental planes more than a couple hundred yards. Dramatization, hence, makes the façade unquestionable. The larger the fantasy, the more acceptable it becomes, as exceptional performance cannot find any rational and reasonable explanation. Rather than crediting serendipity, luck, or accidents to explain organizational discoveries, the mass media produce stories that explain exceptional performance with exceptional traits. Hence, "using dramatic narratives, journalists are able to selectively distill a complex jumble of otherwise ambiguous and contradictory activities,

pronouncements, and impressions into a simplified and relatively coherent portrait" (Ashforth & Humphrey, 1997: 53), thereby reducing the uncertainty associated with the events they report on (Lounsbury & Glynn, 2001; Rindova et al., 2006: 57).

Conclusion

The orienting frame to this grounded theory case study had us thinking that façades were relatively simple, unitary, organizational mechanisms necessary to make stakeholder decide to contribute organizational resources. Surprisingly, the case study revealed different types of façades serving very different role. Moreover, the case study indicated that facades were not exceptional sins of the few. In a world where reputation moves faster than organizational facts, façades pervade organizations both in scale and in scope.

Our orienting framework also focused on the notion that façades served as a mechanism to hide organizational malfeasance. Observing a façade in the making partially undermined this assumption. We discovered that façades could serve as levers of organizational improvement. Rationality facades, for examples, could help employees ignore institutionalized practices and select more effective and efficient ones. Freed from institutional pressure, inventors of progressive façades gained a degree of liberty in innovation. When progressive façades transmitted fictitious organizational progress, they also transmit potentialities for change that would organizational actors would have otherwise rejected. Finally, reputational façades fostered investment, stakeholder support and contributed to the growth of firms, when the reality of their business idea constituted merely a sketch on a computer screen.

These last observations left us with a disquieting conclusion. The more facades lie, the more facades have the potential to become realities. Freed from the constraints of institutionalized technique by rational facades; freed to innovate by rational facades; and capable of receiving support behind reputational facades, SL and the subsidiaries could change. Had SL managers crafted less powerful facades, stakeholders would have seen through them, and the reality behind the facades could never have become the reality mirroring the new façade.

Put differently, the less facades lie, the more they lose the potential to become realities. The more the firm remains bound by institutional constraints, the less it can experiment with new techniques, and the less stakeholder support it receives. The more likely, therefore, the possibility that the facades lie becomes a real lie.

Clearly, this line of argumentation has disquieting implications. It not so subtlety suggests that managers should lie with facades so that the truth of these facades has a chance of coming about. However, what of the situation when lies do not result in the truth, requiring more lies and thicker facades, until nothing remains but a crooked E?

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